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Designing a New Service for an Online Platform in a Luxury Fashion Ecosystem

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*To my parents and sister,
who always believed in my professional and academic capabilities.*

Abstract

The luxury e-commerce is one of the main areas of high market growth during the last decades. It is also an area that suffered considerable changes caused by the increase of customer needs and expectations, sales growth, and the constant emerging of the new competitors.

Regarding the various changes and high customer requirements a need to redesign the services emerges, offering the capability to meet the expectations of the luxury online customer. The strong competition and the low barriers to entry of the online services market force companies to enforce high standards to differentiate themselves to the market.

Nowadays, technologies enable the establishment of connections between market players to develop partnerships that improve the product offering. On the luxury commerce example, the market requirements for operating with the goods distribution channels becomes challenging as the negotiating capacity and the ownership of the relationship increases for customers.

This work is carried out during the precise moment when failures are detected throughout the integration process of the brands that are considered as strategic partnerships for a company that is one of leaders on the market. A case study was developed with the resources of different techniques to acquire data. It was intended to collect data that looks for the detection of the pain points that affected the negotiation and implementation of these processes.

Focused on the improvement of the customer experience, the main consideration during this work, interviews with diverse internal stakeholders were carried out, with the aim of achieving more relevant data for the study execution. The data analysis allowed to develop and suggest new flows inside the company to help the teams in implementing the partnership projects according to the customer expectations and needs.

After the redesign of the negotiation journey and the implementation of the integration projects, the experience offered presents relevant improvements that bring the service presented to the strategic partners of considerably higher success potential.

Resumo

Uma das principais áreas que se encontra em grande crescimento nas últimas décadas é o comércio de luxo online. É, também, uma área que tem sofrido grandes alterações devido ao aumento das necessidades e exigências dos clientes, às alterações nos mercados de compra e venda de bens e ao constante aparecimento de novos concorrentes.

Considerando todas estas alterações e fortes exigências dos clientes, aparece a necessidade de redesenhar serviços capazes de corresponder às expectativas criadas em torno do comércio de luxo online. A forte concorrência e a facilidade ao acesso de serviços online faz com que as empresas tenham de manter elevados padrões de exigência capazes de se diferenciar no mercado.

As tecnologias permitem, hoje em dia, estabelecer ligações entre mercados e desenvolver parcerias que enriquecem a oferta. No caso do comércio de luxo, as exigências das marcas que operam com os canais de distribuição de bens, complicam-se aquando do aumento da capacidade de negociação e domínio da parceria criada.

Este trabalho aparece no momento em que são detectadas falhas no processo de integração de marcas consideradas estratégicas para uma empresa que representa um dos líderes neste mercado. Foi desenvolvido um caso de estudo com recurso a diversas técnicas de aquisição de dados. Procurou-se adquirir dados que procuravam a detecção de pain points que afectavam o processo de negociação e implementação destes projectos.

Com grande foco na melhoria da experiência do cliente, neste caso assim considerado, foram realizadas entrevistas com os diversos intervenientes internos, donde foram retirados os dados mais relevantes para a execução do estudo. A análise destes dados permitiu desenvolver novos fluxos dentro da empresa que permitem às equipas implementar os projectos de parceria de acordo com aquilo que são as necessidades e expectativas deste cliente.

Depois do redesenho de toda a jornada de negociação e implementação dos projectos de integração, a experiência proporcionada apresenta melhorias relevantes que levam a que o serviço apresentado aos parceiros estratégicos revele maior potencial de sucesso.

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List of abbreviations

API	Application Programming Interface
TBD	To be defined
CSV	Comma-Separated Values
GMV	Gross Margin Value
FF	Farfetch
E2E	End to End
STORM	Stock Order Management (internal Farfetch tool)
BaU	Business as Usual
SLA	Service Level Agreement
PIP	Partner Imagery Process
FTP	File Transfer Protocol

1 Introduction

The online commerce of luxury goods is growing very fast (Mulpuru et al., 2011), and along with it, the requirements for e-commerce experience following the same standards of service excellence (Okonkwo, 2009b).

Only recently the market has been able to answer this new demand reality (Reynolds, 2000). Many of the brands are still in the adaptation phase to this new concept of luxury and excellence of services. Services are very intangible (Pleger Bebkö, 2000). This characteristic is stronger when presented on the online market and even more sensitive than before, since the control is very difficult to achieve.

The challenge to consider here focuses on service design. Service design is a discipline that considers the user involvement to develop new services on a market or to improve existent ones. This approach is based on an analysis on market needs and expectations which aims to innovate and improve experiences (Teixeira et al., 2012).

The project presented was developed in a company that is now in a huge growth and expansion phase in the market, Farfetch. The complexity of this work increases as this company is one of the market leaders in its field (Pimentel, 2015).

1.1 Project Background

The main purpose of Farfetch is to revolutionize the way of the world sees the fashion commerce, aiming to amaze customers through unique and personalized experiences (Farfetch, 2018).

Farfetch was founded in 2008 by José Neves, a fashion lover that wants to revolutionize the luxury boutique industry. This company brings to the customers the possibility of buying any luxury product, from any boutique, from any part of the world through its website. Over a fashion e-commerce platform which connects consumers with a curated global network of boutiques and brands. Farfetch vision – *revolutionises the way the world shops for fashion* (Farfetch, 2018) – reflects perfectly the desire of create something bigger.

With the focus on perfection, Farfetch created its own operations center – developing photography, video, post-production and logistics – where they can produce a very high quality set of images and sketches with the products they will sell on the website.

This company is creating a special value for the customer. Nowadays, Farfetch is delivering to 190 countries – across 600 boutiques and 400 brands – with more than one thousand top designers who make authentic designer products for the best brands in the market.

The most representative markets for Farfetch are the United Kingdom and the United States of America. Italy exports around 60% ¹ of the entire orders of this ecosystem.

Due to Farfetch business model, the company looks for excellence in all the areas it acts and looks to meet customer expectations according to a high-quality standards market. Farfetch, as a channel inside an ecosystem, is related with different stakeholders that allow to develop a very complex service without a logistic center. This business model is much differentiated on

¹ Information collected from Farfetch's internal database.

market. Farfetch operates as a Partner for boutiques and brands, providing a range of complementary services that allows them to have their products available for the entire world. The company works in a commission-based model.

Partners	Key Activities	Value Proposition	CRM	Customer Segment
<ul style="list-style-type: none">• Boutiques• Brands• Courier companies• Payment providers• Systems providers	<ul style="list-style-type: none">• Platform maintenance• Partners support• Operation logistics• Order processing• Production• Black & White• Customer support	<ul style="list-style-type: none">• Access to the best world boutiques and brands everywhere• Sell excellence services to a luxury market	<ul style="list-style-type: none">• Advertisement (e-mail and platform)• Customer service support (call centre)• Social media• VIP service	<ul style="list-style-type: none">• High income consumers (niche market)
	Key Resources		Channels	
	<ul style="list-style-type: none">• People inside Farfetch• Technology		<ul style="list-style-type: none">• Website• Internal systems• Mobile application	
Cost Structure			Revenue Stream	
<ul style="list-style-type: none">• Human resources (salaries)• Procurement• Operational costs			<ul style="list-style-type: none">• Commission based	

Table 1 – Farfetch Business Model Canvas (Dudin et al., 2015)

The business model canvas, as presented on the Table 1, highlights an overview of the core functionalities of the business. Farfetch looks to provide luxury services through some key activities that conducts the business with high standards of quality. Also, the customer relation and the personal services makes this model work through a closer relationship with the customer.

Farfetch's strategy focuses on creating an "omnichannel" which integrates the online with the best of the offline commerce. Nowadays services technology are dominating the world (Weiners, 2017), so the company aims to create the perfect interaction between the customer and the seller, making every boutique available in a single "click". Furthermore, what distinguishes Farfetch from its competitors is the focus on the quality and the choice of the best partners in the world. Also, Farfetch's strategy is characterized by the fact that this company operates without inventory (stock). Even though a great benefit, this brings other challenges such as the difficulty to control what is demanded and offered, since it is not entirely dependent on itself.

The challenge is even bigger for Farfetch, since the company is growing very fast and is one of the most recognized on the e-commerce market. More than the size, Farfetch represents trust, quality and loyalty for the customer.

Adding to these challenges, Farfetch is targeting a new category of customers. Nowadays, not only it caters to end consumers and boutiques, but it is also expanding into brands. Brands are the new Partner at Farfetch. This company considers three different types of customers:

- Final customer: the ones who buy goods on the platform;
- Internal customer: people who work at Farfetch;

- Partner: boutiques and brands that use Farfetch services to expand their business through a partnership.

The last customer mentioned, the Partner, is now the main challenge of the business and thus the focus for this project. In specific, the strategic brands will be analyzed making these the main users for the project being developed.

The present project, developed within the Operations Strategy team, has the main goal of supporting the design of a new Partner experience with the new strategic brands. This team aims to lead strategically, aligned key activities and to manage organizational-level change, developing a culture of continuous improvement by enhancing processes, communication and efficiency.

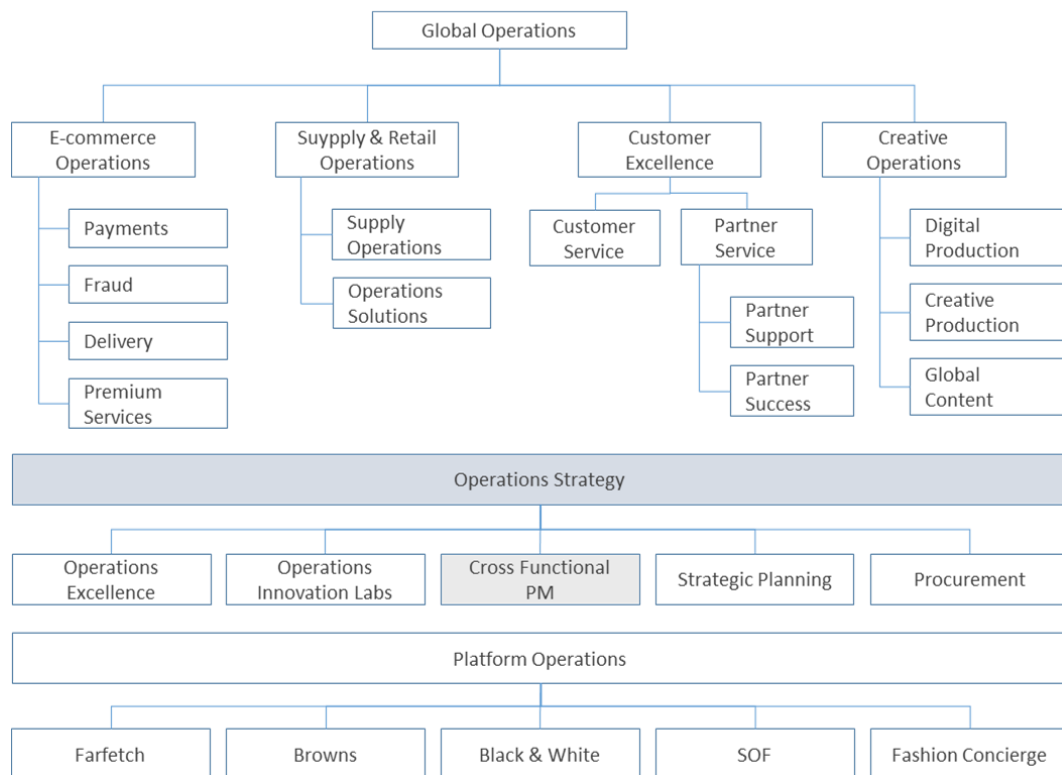


Figure 1 – Global Operations Organizational Map

The core team within which the project belongs, Cross Functional Project Management, aims to support other teams from various departments at Farfetch, including tech, to solve issues and improve methodologies from different scopes. Figure 1 presents the Global Operations team structure.

1.2 Problem Description

The luxury e-commerce is growing very fast during the last years. As it is possible to see on Figure 2, it is expected that this growth will increase during the next years. Considering this demand growth, the challenges of the online commerce are growing continuously. The efforts that a company must incur in to keep updated on market demands and be visible to the customer, makes the challenge even more difficult.

Global online personal luxury goods market, 2003–17E (€ billions)

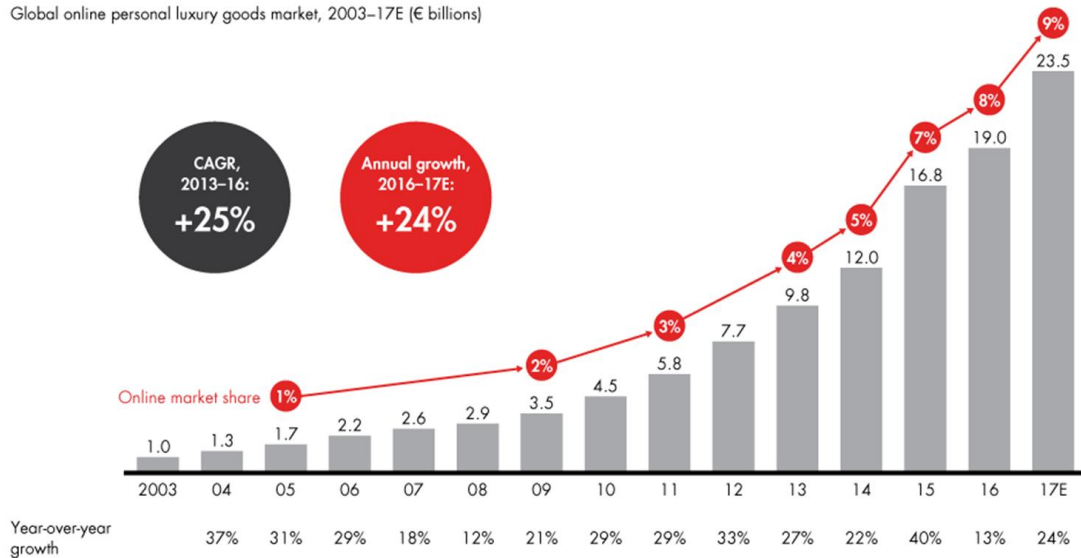


Figure 2 - Global Luxury Market Growth (D'Arpizio et al., 2017)

In order to keep being a facilitator of interactions inside of the ecosystem that it represents, Farfetch needs to be able to design an end to end strategic customer journey. The only way of being a reference company for those who seek the luxury commerce and are huge fans of online platforms, is excellence.

Farfetch Partners, both boutiques and brands, play a key role on company success. Farfetch needs to guarantee a positive and efficient experience to them from the beginning of the partnership. This project happens when the need for the creation of a new operational model adapted to the new market requirements is identified.

Farfetch had an operational model that works very well with the partners acquired until now, both the boutiques and non-strategic brands. When the company starts to work with strategic brands, the giants of the luxury market, it was understood that the processes implemented were not adapted to the needs of this new partner. At this stage, it was highlighted that it would be necessary to design a new journey for these strategic partners, according to their specific needs.

The requirements brought a lot of adaptations that involve different business components. Strategic brands do not accept to work with the existent information systems, the internal communication flow is not aligned with their expectations, the teams are not adapted to the new Partner needs and the lead-times are not adjusted with the overall processes.

The customer experience is what will distinguish a company from the others within the services market (Meyer and Schwager 2007). Farfetch must be able to offer a satisfactory experience to this new Partner segment: the strategic brands. The service experience that will be explored and designed, intends to analyze the ideas of the different teams that deal with daily issues. These issues generate opportunities, once the analysis will consider various lessons to learn.

1.3 Research Questions

In this section, the research questions that this project intends to answer will be defined. These questions will conduct the research on different stages. The work developed will be focused on answering them, through interviews, data analysis and the creation of new solutions.

The research questions are:

- Understand how to support a new customer experience in a luxury fashion ecosystem;
- Design a new customer experience for a new customer (brands) in the luxury fashion ecosystem;

1.4 Study and Project Development

This project at Farfetch started in beginning of February and ended in late of June 2018. During this time, data was collected with all the internal stakeholders who are part of this project. This data was analyzed and compared with the existing situation, in order to understand the customer experience and design a new service to improve this experience. As such, this study involved the different phases of service design, illustrated on Figure 3.

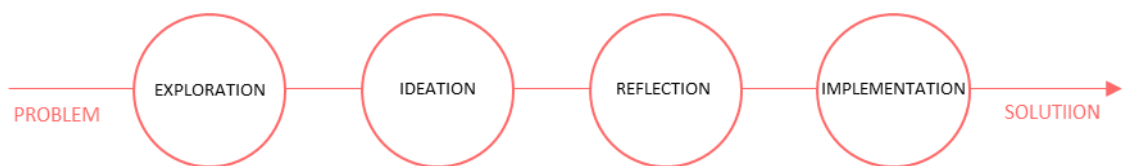


Figure 3 – Service Design Process (Patrício and Fisk, 2013)

On the very first stage of process design, in the exploration stage, the problem was defined through the stakeholders' involvement, in order to understand the *as-is* situation (Thomke and Von Hippel, 2002). A deeper dive into the processes allowed to understand the model used. At this stage, the problem was defined along with the goals of the work and the relevant stakeholders.

At the second stage of the service design process, the ideation stage (Cats, 2014), the service offering and the processes were defined. The understanding of the customer experience allowed to detect the main pain points and found a lot of opportunities for improvement. A holistic view was applied to get an overall understanding in order to find different solutions (Buchenau and Suri, 2000).

It is very important to follow the stages properly in order to find the right conclusions of each stage to proceed to the next ones (Patrício and Fisk, 2013). The right value proposition is only successful if implemented properly (Berry et al., 2002).

The approach used was the service design, so the customer's opinion is a reference for the decision making (Teixeira et al., 2012). The more user involvement, the lower the error margin and the best expectations can be managed (Steen et al., 2011). To understand the customer experience, the stakeholders were involved through interviews and observation (Teixeira et al., 2012) on different touch points.

After the data analysis, different solutions were studied based on a prioritization that considers a balance between the urgency on the implementation and the facility to develop and implement the changes and the lead-time required. Considering these prioritizations, some processes were changed, and the *to-be* situation was designed.

Regarding the implementation stage, some solutions were implemented and tested in order to understand if it was found the proper approach on the different stages of the whole process.

The main goals of this methodology were to eliminate redundancy, decrease the integration of lead-time, align the teams and design an end to end efficient partnership process.

Consequently, a new service design for the strategic brands, integrated a new operational model, which is to be presented to the strategic Partner focusing on their needs and expectations.

1.5 Report Outline

The present report is structured as follows: on the first chapter, the company will be presented, as well as, the problem description and the research questions. The second chapter covers the literature review focused on some of the main topics of the project context. It will help to better understand the context, the customer expectations, the market position and the most important highlights that should be considered for the project development.

The third chapter characterizes the problem over the company purpose. This chapter is focused on the *as-is* situation of the processes related to the End to End Partner Journey, being the Partner the main customer of the project. Additionally, it will cover a more detailed explanation of what this project is, which requirements should be considered and how the company can implement them.

The fourth chapter will explain the methodology used to get the information required to develop the project. This chapter describes how the information was achieved and how it was analysed to accomplish the investigation needs. On fifth chapter all the results of the case study will be presented, discussing the success of the ideas presented and the solutions found during the development stage.

The last chapter concludes the dissertation report. Here will be highlighted the potential future topics to be developed.

2 Literature Review

The present chapter will be focused on the state of the art of some of the most relevant concepts for the project development. The main topics to be explored will be around the luxury commerce context, the service design and the online demand.

The first topic explored was the luxury goods e-commerce to understand the specifications of this context. Farfetch created an ecosystem within this consumption world, so this topic was studied too. Both these considerations help to understand that the customer experience is of even higher importance than what could be expected, that's why this theme was explored too. At last, the literature of the service design was reviewed, trying to better understand customer needs to be able to design a new experience for the customer of luxury e-commerce.

Selling a luxury experience goes beyond offering a luxury good. If there is a promise to the customer of a luxury experience, all the details count and should be aligned with the same high-level patterns.

2.1 Luxury Goods E-commerce

The luxury e-commerce highlights a growth from 8% in 2016 to 18% in 2025 (Weinswig, 2017). The relation between the luxury commerce with the online world is a hate-and-love relationship (Okonkwo, 2009b). The brands are afraid to lose the characteristics associated to the luxury products through the online experience (Kapferer and Bastien, 2012). There is a directly correlated association between the product price and the quality of the service provided. The e-commerce makes this relationship very sensitive and vulnerable to errors (Okonkwo, 2009b).

The luxury world and the online commerce are very contrasting. The first one is quiet and people are available to spend time to enjoy, the second one is fast and crowded (Okonkwo, 2009a). Mixing the two can be a challenge however it is necessary to follow this century's markets, so it is important that the brands can be conscious of the risks related to this relationship. The definition of luxury definition becomes qualitative, more than quantitative (Kapferer and Bastien, 2012).

The new online world opens the market to a new customer (Hennigs et al., 2012). The online consumption forces to rethink how the brands relate with the customer. New tools available will give more flexibility to the brands but also more fragility (Bjørn-Andersen and Hansen, 2011). The omnichannel experience considers that every touch point with the brand should be the same whether it is via website, mobile app, call or personally (Piotrowicz and Cuthbertson, 2014). This is a huge challenge - how the brands can offer the same experience online than in a physical store (Weinswig, 2017).

There is a chance of growth of the sales volume on the e-commerce but, at the same time, there is a risk of losing the consumer control (Weiners, 2017) and exclusivity (Bellaiche et al., 2010). Now the customer wants everything through the internet, their expectations are about a full online service. What a customer expects from a brand is something interactive and intuitive, in order to have a personal relation with it and easy to use.

One of the biggest challenges of the market is to try to combine the emotions with images and perception. This challenge focuses on how to design experiences that overcome the traditional services characteristics through the internet technologies (Bjørn-Andersen and Hansen, 2011).

The e-commerce is no longer optional and the consumers' expectations are focused on an omnichannel strategy as a new model of modern luxury retail (Bellaiche et al., 2010).

There are many factors that will influence the customer experience. One of them is trust. If trust is broken, it will destroy the customer relation with the brand permanently (Chen and Dhillon, 2003).

One of the strongest reasons for the luxury e-commerce growing so fast is the fact that the luxury consumers are embracing the digital (Weinswig, 2017). According to research results, as presented on Figure 4, around 60% of luxury sales are digitally influenced (Tsusaka, 2018).

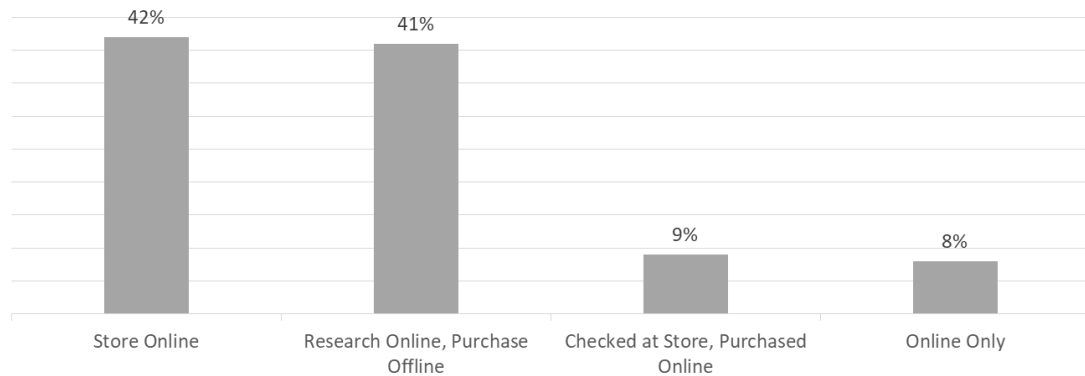


Figure 4 – Percentage of Digitally Influenced Luxury Goods Purchases (Tsusaka, 2018)

Some brands defend that the multibrand channels are the key growth opportunity, being already a big affluence on the consumers nowadays (Bellaiche et al., 2010). According to Deloitte data, it represents 78% of the online purchases (Jacobson, 2018). The companies who create these channels have more ability and resources to explore the online world, once they are specialized on this and the prices for doing it alone are no longer viable (Weinswig, 2017).

In a few years, the market will be dominated by a select number of major players. The brand relationships, logistics efficiency and marketing competence will be the distinctive factors of these market leaders (Weinswig, 2017). During the beginning of this new market appearance, brands were very weary of this business model. However, with the growth the passing of time most luxury brands are now fully embracing digital sales (Weinswig, 2017).

The customer expectations are related to the perception that the customer have of a service. All the encounters of the customer with a service will define an expectation according to some standardized factors related to quality (Hsieh and Yuan, 2010). If the customer buys a luxury good, he will expects a luxury service from end to end. (Steen et al., 2011).

There are specific ways to evaluate customer satisfaction, through inquiries and surveys, net promoters, focus groups, observational studios, blogs, etc. It is not enough to put the rational ratio on because there are a lot of other inherent factors that will also influence the customer experience which need to be considered. The answer can be super-fast but if the item is not on perfect condition, the customer satisfaction will not be absolutely positive (Meyer and Schwager, 2007).

Each touch point is important due the personal factors, such as the culture, the religion, economic power, etc. But we cannot only be dependent of the customer expectations, we must understand the market as well and see where the opportunities to act exist. If a company does not dedicate time to develop and innovate, will not to achieve excellence. Sometimes the

customer does not know that his own expectation goes deeper because he does not know that there is something bigger or better (Ulwick, 2002). That is why there are systems that help the companies to organize data in order to get more information about their customers (Meyer and Schwager, 2007).

The luxury e-commerce is growing very fast which means that the players will more demanding, day by day. The biggest challenge found here is to understand how the luxury brand experience can be transferred to an online context. Especially in a complex context such as a service ecosystem, where several stakeholders interact among themselves to create value. To further explore these challenges, the topic of service ecosystem and customer experience are detailed ahead.

2.2 Service Ecosystem

The new web-based business models are build using a new composite of services across business boundaries in order to implement end-to-end business processes. This phenomenon of web services is described as a service ecosystem (Barros et al., 2005).

The service ecosystem is a composition of actors that provides and integrates services within the end-to-end processes, in one of the related areas of supply and delivery (Barros and Dumas, 2006). The support for the ecosystem is composed by the providers, the customer, the broker, the mediator and the specialist intermediaries. These are the ones who create, develop, use and deliver a service (Barros and Dumas, 2006). Also, the ones who develop the tools to support the service, have a very important role (Riedl et al., 2009). All these actors have different roles with different contributions on the service ecosystem.

The feedback of each actor of the ecosystem will be used as inputs to innovate. The perceived service quality will vary according to the role and the kind of interaction. Each actor benefits from the contribution of other participants (Riedl et al., 2009). Some of the interactions happen when the user buys something through web-based interface (Bitner et al., 2002).

An ecosystem can change the composition over time but always intends to enhance customer engagement (Vargo and Lusch, 2010). The engagement ecosystems allows to have holistic insights through the co-creation of interactions between actors across the touch points (Breidbach et al., 2014).

The next generation of services will be about service-oriented systems, the same as web service ecosystems (Barros et al., 2005). In these ecosystems are the developed services, delivered through the channels between the actors. The ecosystem enables to access the end-to-end providers in one single channel, centered with all the functionalities (Barros et al., 2005).

The ecosystem business models aim to bring service consumers closer to service providers and to allow other intermediaries to have access to revenue passing by the providers (Barros and Dumas 2006). It allows to have the same service available on different service deployments but without the whole control of the different touch points (Barros et al., 2005). These ecosystems should support the negotiation process, providing decision making and more efficient processes on the service offers (Breidbach et al., 2014).

The service provider is responsible for the service, but the service broker is who controls the delivery (Riedl et al., 2009). There are variables that will affect the service and the responsible will always be the provider, even if the broker is the one to fail. Considering the

heterogeneity of the services, the more complex the ecosystem is, the more challenging the mediation will be (Barros et al., 2005).

Platforms that aggregate different stakeholders create new ecosystems. This situation generates a more complex context to manage as the experience of all these stakeholders is involved. The success of these platforms has a lot of dependencies within the ecosystem, as it is very difficult to control all the interaction points of the whole experience.

2.3 Understanding the Customer Experience

A company's main concern should be the customer experience (Meyer and Schwager, 2007). Good services are everywhere, so the experience offered is the distinguishing factor to capture market share. Experience is the customer perception created during the using, acquiring, maintaining and disposing a product or service (Carbone and Haeckel, 1994).

Customer satisfaction is not easy to measure, it is dependent of different factors during the whole experience, so is very important to design carefully the process from end to end (Lemon and Verhoef, 2016). It is only known that it is positive when the customer expectations are reached or exceeded (Meyer and Schwager, 2007). A key element to measure this experience is to observe and monitor the customer reactions (Lemon and Verhoef, 2016).

The touch points that the customer have with the company are part of the customer experience (Naylor et al., 2008). All the contact moments are factors of physical evidence to measure the experience from the customer side. Additionally, it involves affective, cognitive, social and emotional responses for these evaluation (Verhoef et al., 2009).

All the features developed on an online context are focused on value added to the customer, all factors will contribute to increase the value of the experience (Verhoef et al., 2009). On online businesses, the contact with the customer is dependent of very specific factors. Once the customer can access to a company's services anytime and anywhere, the provider must have capacity of following him in any moment (Meyer and Schwager, 2007).

A new sensitive factor that appears on e-commerce is about the technology failures. It will also have impact on customer experience once is the main channel between the customer and the company. It is very important to have a recovering service that supports these situations in order to provide a good service (Verhoef et al., 2009).

There are other factors within a company that the customer will value highly, such as the rating of satisfaction and forecast of purchases. Some metrics results will generate loyalty and positive feedback from the market (Meyer and Schwager, 2007).

The emotional component of experiences is as strong as the service functionality. So, the companies that focus the customer experience on separated points of their business, will be disappointed with the results (Berry et al., 2002). Brands know a lot about buying behavior, habits and preferences, but nothing about emotions, state of mind and thoughts. These are the values that will make a difference on customer experience (Meyer and Schwager, 2007).

There are specific techniques to understand the customer experience, such as interviews, observation and contextual inquiry (Beyer and Holtzblatt, 1998). The validation of the service will vary according to the customer profile, given each customer will have different expectations. These will be measured considering previous experiences and personal brand perception (Meyer and Schwager, 2007).

Understanding the customer experience requires the study of information taken from all the customer's services encounters and touch points. The usage of these methodologies helps getting the right data and analyzing thoroughly in order to get the results needed to design a new experience. These projects require multidisciplinary teams to get a more complete representation of the customer experience in order to understand the problem and find solutions (Teixeira et al., 2012).

The customer experience cannot be designed, it is co-created through customer interactions with various elements of the service (Vargo and Lusch, 2004). These elements are part of the customer journey (Berry et al., 2002). The customer experience cannot be designed by an organization, the services must be designed for the customer experience (Teixeira et al., 2012). The designers should examine the service from the customer's eyes. To understand this view, it is necessary to observe the interactions and the reactions of the customer when using the service in different ways (Teixeira et al., 2012).

Nowadays the customer has much more to offer than before, thus he is not available to put up with bad experiences. On a first opportunity, he will find another company that offers a similar service with a better experience. The design of this experience should be considered according to customer needs and preferences to make sure that it is adequate.

2.4 Service Design

Service design is a multidisciplinary field that involves different areas and different service elements which helps the customer to co-create value to design the experiences (Zomerdijsk and Voss, 2003). This approach considers people, processes, the physical environment (Teixeira et al., 2012) and available technologies (Patrício and Fisk, 2013). This approach also contemplates human resources, operations, marketing, technology disciplines and organizational structure (Ostrom et al., 2010). Service design is a human-centered and interactive discipline with the focus is on the stakeholders to co-create value. This approach involves all the disciplines at different stages of the design process (Patrício and Fisk, 2013).

The service design starts when a market (or internal) opportunity is recognized, either to create something new or to improve an experience based on an unsatisfied customer (Teixeira et al., 2012). Customer experience cannot be designed, but services can be designed for customer experience, so the services must be designed in a holistic and flexible way, considering different disciplines (Patrício and Fisk, 2013).

To develop a service design approach, certain steps should be followed (Patrício and Fisk, 2013). On a first stage, the scope of the service should be defined together with understanding the need to define the problem, the goals and who the customer is (Patrício and Fisk, 2013). Once achieved, it should be clear who the stakeholders are, which is the market and what is the value proposition of the service (Brown, 2008). During the development of the work, the most efficient way to introduce this service on the market should be considered. It is not sufficient to have a good value proposition if it is not implemented in the right market in the proper way.

The customer expectations are a real challenge for the service design approach. Through the different experiences that the customer already had with many other service encounters, he or she will create some expectations that the service provider must fulfil to achieve customer satisfaction.

Consider the customer experience model: developed to make the user involved, through interviews, surveys observation and contextual inquiry (Teixeira et al., 2012). All the moments of contact with the user are the touch-points that need to be coherently designed considering systems, artifacts, customer needs, and actors involved.

As such, service design is a very complex process. To get an adequately designed service process, it is required to have a holistic vision to understand different approaches to solve issues (Buchenau and Suri, 2000). The user involvement is what enables to make sure that the results will be what was expected. Also, the use of the proper methodology is important to get the right data and find the right conclusions. It is required to understand the problem to design services. The customer involvement is the most effective approach of get a success co-creation of value (Thomke and Von Hippel, 2002). All the encounters of the customer with the company will contribute for the co-creation of value (Patrício and Fisk, 2013). The closer the proximity that we have with the user, the more success the creation we will achieve, once we are able to understand their needs and motivations. With this, we will get answers (indirectly) to questions that would be very difficult to achieve otherwise. Without this proximity and user involvement, is not possible to understand their role. Considering this, the research will get more effective with results that measure user expectations (Steen et al., 2011).

3 Problem Characterization

This section will describe in further detail the problem that this study aims to address. This project arises when the company, Farfetch, understands that the organizational model used is not able to answer to new customer needs, once the requirements of these strategic brands are so different from the existing ones.

The problem will be characterized according to the research questions and will consider the goals established for this work. At the end of the chapter, it will be detailed the opportunity detected for the organization, the one which will be explored in order to get satisfactory results.

In 2017 Farfetch did a partnership with 2 strategic brands. These were managed according to the specific needs of each Partner, using some new processes but mostly standardized processes designed for the regular Partners (boutiques and non-strategic brands). These projects were new for the company and were in a research phase. That is why the teams used the solution already designed for the regular Partners, once it was still not apparent that these would not be adequate.

In 2018 it is predicted new partnerships will scale with strategic brands. In order to have a standardized model without issues, there is a need to understand how to scale achieving the expectations of these Partners.

The strategic Partners will require the partnership management of the company to grow, once they have no interest on the regular operational model. The expectations about the daily management, the technology systems and the sales flow are totally different.

3.1 Customer Experience

As mentioned on the literature review, the customer expectation is higher as the service available on market improves. Farfetch aims to position itself as a key player in the fashion and technology world. With this, the customer expects a high quality and personalized experience when is dealing with its services. On this case, the strategic Partners expect the same, once they are also strategic customers for Farfetch.

When Farfetch starts to work with strategic brands, it becomes apparent that the processes of the operational model implemented is not able to correspond exactly to the new segment needs. With this, one may conclude that it was essential to create a new organizational model that considers these new requisitions.

According to what is perceived by strategic brands needs and expectations, from the Partner voice, there are four main pain points:

- Responsiveness – strategic Partners expect Farfetch to be available to answer any question on time and that problems are solved the same moment they are detected. The initial operational model is based on a general tickets system that prioritizes according to the importance degree and the date of arrival, so the SLA's defined for the answer need to be adjusted to the strategic Partners;
- One point of contact – these new Partners expect the relation between both companies to be one for one, which means that Farfetch should have a person responsible for the partnership, as one direct point of contact, who is always available to follow the brand

performance and answer to the possible daily issues (as orders, problem solving and product creation);

- **Product Catalogue Management** – the process to create products on internal systems available to sell on farfetch.com. Strategic Partners have new requirements on technology side that requires Farfetch to make a bigger effort on technology management. This process of product creation starts to become very robust since the requirements have improved considerably;
- **Reporting** – the regular Partners receive monthly reports that presents metrics about their performance as a Farfetch partners (performance on speed of sending, stock availability, number of items sent, etc.). The strategic Partners require a feedback about overall partnerships business performance weekly and the metrics they want to look for are much more complex than the ones being presented before.

The project of the design of a new service for the strategic brands since the Partners were not completely satisfied with the model presented for the partnership management. The four pain points presented are the ones that the Partners considers as the most important and urgent to solve and to make this agreement being a good experience. When a luxury customer looks for a luxury service, it always expects a premium, personalized and close service (Bellaiche et al., 2010).

3.2 Service Design

Considering the literature review, service design aims to design services that are able to answer to customer expectations and needs. Service design looks to improve the interaction of the customer with the service provided.

Service design focuses on the need of aligning all the departments, resources and stakeholders inside of the organization in order to improve the experience provided to the customers. When this project happened, a discrepancy was found between some of the contact points of the processes that were part of the service provided. With this, a new opportunity was detected to redesign the experience that was intended to offer to the strategic Partners.

The strategic Partners require new methodologies, new technologies issues and new communication flow. Here, a closer relationship with Farfetch is required, as well as, some needs that represent a new and huge challenge for the company:

- Logistic complexity
- Personalized processes
- High expectations from Farfetch team
- Requirement of immediate responses
- Requirement quick actions

In order to follow the methodology defined on service design approach, it is intended to characterize the problem with the customer involvement (the strategic Partners), the one for who this service will be designed. To design the service and answer to customer needs, it is required to know all the process' phases and the flow of each one of them. Regarding this, the problem will be characterized more accurately after a deep study around what is not satisfactory on the customer point of view.

To address the identified challenges regarding the understanding of the customer experience of an online luxury retailer platform, as well as the design of a new service to support the experience of this service ecosystem, a case study methodology was followed. This methodology is described in the next section.

4 Methodology



Figure 5 – Project Methodology

The selection of methodology should be adequate to answer the research questions (Marshall, 1996). The aim of this research was to study the customer experience for an online luxury retail platform and design a service that supports this service ecosystem. There are not many companies in the world that provide this service, however, Farfetch is one of them. As such, this research followed a case study methodology, focused on the Farfetch case. The case study is a research strategy that replicates what is essential in a multiple case analysis and combine data collection methods such as interviews, questionnaires and observation (Eisenhardt, 1989). It is important to have the research questions defined since the beginning of the study, even if they were not the final ones, helping to have a focus (Voss et al., 2002).

The case study methodology is based on sequential steps: define the research questions, specify sample, collect the data, analyze the data, validate the analysis, compare the analysis with the literature review and present the possibilities/improvements suggestions (Eisenhardt, 1989). This methodology is based on three strengths (Voss et al., 2002) that fit the characteristics of this study:

- The problem can be studied in its natural environment, using conclusions generated through practical comprehensive observation;
- The case study methodology allows to answer the questions of why, what and how, with a relatively full understanding of the nature and complexity of the complete research;
- The case study lends to exploratory investigations where the phenomenon is not understood yet.

On a first approach, the focus was on the overall business. Understanding the processes as they are and the workflow of the company helps to understand the context where the project would be developed (Charmaz, 2006).

In a deeper study about the processes, the issues that need to be fixed were mapped. The problem identification is the most relevant input to the project development. To get this understanding, a research focused on the most relevant information that could help gather the requirements was made.

This methodology is considered the most adequate one, once it is the one that corresponded better to the research goal. As it will be explained on the next section, the exploratory case study, in a qualitative method, allows to explore data, to ask why more than once, to understand the problem with different approaches and get more than one answer for each question. With these answers, it will be possible to understand and explain the issues.

The data collection was done through interviews, surveys and observation. In all the phases, it was intended to understand the interaction between the different departments, the

stakeholders' behavior, their needs and what were the problems that prevented the success of the process development.

During all the research and analysis process, the biggest focus was on the customer. The customer is a co-creator of value (Thomke and Von Hippel, 2002). The more he is involved, the bigger will be the success of the results achieved (Teixeira et al., 2012).

The data collection and data analysis are interrelated processes. The analysis is necessary from the beginning in order to get relevant info for the next interviews and observations (Corbin and Strauss, 1990). Also, it will allow to dismiss unnecessary information (Glaser et al., 1968). The reliability of the data will be increased if multiple sources of data collection are used (Voss et al., 2002).

4.1.1 Data Collection

In order to understand the processes and the workflow, interviews and surveys with the different stakeholders were conducted. Also, the observation technique was a part of this research work. The co-creation of value with the user is the most valuable way to get real and useful information for a research (Teixeira et al., 2012).

Interviews

The methodology chosen was the semi-structured interview. This approach allows to use open questions, request more details for a topic, ask about feelings and thoughts, validate perspectives and use observational skills for the discussion (Charmaz, 2006). Also, the participants will have space to share other experiences that can bring some significant input for the research (Charmaz, 2006).

The interviews were conducted personally, using simple guidelines with a few open questions. Open questions allows the participant to extend the topic and to explore deeper details that can be relevant for the research (Charmaz, 2006). Also, it is possible to go back and forward within a topic. During these conversations, notes were taken in order to be studied on a later date. Some of them were conducted with only a topic, in a freeway, allowing an open conversation, getting different topics that was unachieved on the first stage. All the interviews happened on the stakeholders' comfort zone, in their own offices and took between 30 and 90 minutes. To be here allows to observe natural behaviour inside the company environment. This experience had a considerable impact on the design of the service.

The structure used was an exploratory one. It was not supposed to interrogate, but to explore (Charmaz, 2006). On a starting point it always had a topic to guide the interview in order to get the required information. In other hand, this exploratory structure allows to get additional information that only appears on open conversations and taking advance from instant and unexpected opportunities (Charmaz, 2006). Once in a natural zone of the customer, different situations will appear as some regular daily workflows. These situations conducted the interview to a deeper understanding of the issues that were being explored.

Some interviews happened more than once in order to not allow the external variants to influence the stakeholders (Marshall, 1996). Also, it was necessary to get more information in different stages of the project from the same sample, very relevant to join pieces and get more detail of the data (Charmaz, 2006). One of the techniques to not allow the interviewer be

influenced and acts as an advocate for interviewee is to repeat the interviews with the same people (Voss et al., 2002).

In order to get data to analyze later, memos were always taken from the interviews and meetings. These memos should be pointed since the beginning of the work and should follow all the stages of the process, so it will help to reformulate and review ideas during all the research stages (Corbin and Strauss, 1990).

On service design, the more the designers know about the customer and understand the behaviour behind a script, the more it is possible to get further knowledge and feelings about what it is supposed to conclude.

On the APPENDIX A: Interviews Questions, the guide used on the interviews is available. All the questions asked were presented in an open way, to give liberty to the interviewees to explore the topic as much as could be considered relevant. At the end of the guide there is a space for additional notes and more to design, when applied, the flows of the processes that was intended to understand and define.

Observation

Through the observation stage, it was possible to understand the natural workflow of the internal stakeholders of the project. It is important to study people on their natural environment for a qualitative analysis (Marshall, 1996). This approach allows the understanding of the diverse limitations of the overall structure, encompassing people, systems and capabilities. Since one of the project goals is to review the operating model, this approach was very useful to get an overall view on the relationships between the teams, the flows and the processes. If a worker is focused on his own work, he will have some difficulty in understanding the impact of the activities on the other parts of the flow. Given a designer is an outsider, he will be aware of the impact of each step and each action on the overall process (Marshall, 1996). In order to understand the impact of the different phases of a workflow it is necessary to also understand the pain points and to find opportunities that allow to improve the processes.

The observation enables the understanding of people's behaviour in their own comfort zone and that is why this approach is so relevant as it is possible to understand the capabilities, limitations and needs. Once the researcher is part of the scene, it will allow to collect data that was not required on the beginning but it will be very useful for the study (Charmaz, 2006).

Focus Groups

Focus groups consist on interactions between people who discuss a topic with a moderator and aims to promote interactions and develop ideas under a certain topic (Tremblay et al., 2010). It is an uncomplicated way to collect data from several people at the same time, who interact and discuss ideas between them. This methodology is very useful to share knowledge and experiences (Kitzinger, 1995).

The focus group methodology was applied on the exploration research, once it is the most adequate one to discuss issues and find solutions (Stewart and Shamdasani, 2014). A certain topic is presented to a group of stakeholders who work on it, during sessions that last between one and two hours. A typical focus group lasts about two hours (Tremblay et al., 2010). It is intended to discuss issues in order to find solutions that could answer the needs of different

teams. The objective of this methodology is that people explore and clarify ideas and opinions in an open way. Discussions allows the interviewer to explore deeper questions and to generate new issues by the group. The communication here is open and free (Kitzinger, 1995).

This approach allows to get different points of view through the opportunity to explore ideas, once it is sensitive to personal and cultural behaviour. The synergy of the group creates stronger feelings (Kitzinger, 1995) and also, opens the opportunity to understand a range of opinions from people across several groups, once it stimulates the interaction and influence from one to another (Krueger, 2014).

The usage of this methodology intends to generate information with different points of view, according to the needs and the issues found for each one of the stakeholders involved. Using the group routines, the topics were deeply discussed, and the ideas generated were much more complex which also helps to get new ones.

The participants can be an active part of the research analysis, once this methodology allows to test and explore previous studies and to develop them further (Kitzinger, 1995). Focus groups allows to generate a large amount of data and clarify questions that help designing artifacts (Tremblay et al., 2010).

Survey

The survey approach happened in a specific part of the project development. A solution was implemented with the intention of sharing knowledge and clarifying the processes and procedures within the teams that supports the strategic Partners integration. To support this issue, a weekly planning with training sessions was developed focusing on the main processes of the whole partnership.

To get more efficient results, after the third session a survey was created which allowed to understand if the teams were satisfied with the sessions and what they thought that could be improved. Also, on the last part of the survey, there was an opportunity for them to prioritize the themes already defined and to suggest new ones that could be relevant for the project.

From a research point of view, it was intended to analyse the internal stakeholders' feelings and the degree of interest and usefulness. Through this informal approach, the sessions were restructured and designed according to the teams' expectations and needs. Everything that is possible to get during the different research stages is data (Glaser, 2002). Even though this is not a formal survey, it provides interesting input in order to re-structure and design the training sessions according the teams' expectations and needs. Although, this survey was not subjected to a thorough statistical analysis, this was an added source of information that can always be considered useful.

4.1.2 Sample Design

To define the sample design, for the distinct stages of the research phase, the effort was focused on the stakeholders that could have the biggest input on the topics discussed during the dissertation. A selected sample was chosen, consisting on the selection of the most relevant stakeholders to answer the research questions (Marshall, 1996). In order to achieve the intended knowledge, it was necessary to understand who the right participants because of the relevance of each of them on the different stages of the different processes would be.

On case study researches, sometimes the answer for a relevant question is not on one person only, so the interviewer should ask the same questions to different people in order to get the overall information to achieve the answer (Voss et al., 2002). This also helps to get consistent and reliable research data.

The sample represented on Table 2 is based on the research around diverse knowledge inside of the organization, in order to allow to understand the pain points of each of the processes to be designed, as well as, the internal flows of work and communication.

Sample Design		Stakeholders	Data Collection Moments
Stage 1 Exploratory Study – Internal Inductions		Overall business presentations	10
Stage 2 Interviews and Observation	Partner Service	3	5
	Customer Service	1	1
	Fraud	1	2
	Payment	1	1
	Brand Success	6	9
	Creative Operations	8	16
	Operations Strategy	11	27
	Business Analysts	2	4
	Tech	1	1
	Retail & Supply	2	1
	Partner Experience	1	1
	Pricing & Finance	2	11
	E-commerce Operations	2	1
	Integrations	4	11
	Data Quality	2	10
	Product	3	2
	Delivery Support	1	1
Stage 3 Validation, Focus Groups and Survey		Strategic Brands Support (17)	2

Table 2 – Sample Design

The sample selected represents the main stakeholders for the development of the project. The aim of all qualitative sampling approach is to draw a representative sample for the population (Marshall, 1996). The population here are the ones who are responsible for the successful of the implementation of the new service design, end to end.

4.1.3 Data Analysis

All the data collected was properly analyzed through comparison and data aggregation. Through the exploration stage, it was possible to understand the internal needs addressed to the customer expectations.

The results of what was done and what the customer was expecting to be done were compared. With this, it was possible to design a new approach that considered what the internal resources were able to develop and what it was need to do (Charmaz, 2006).

The analysis must be done in constant comparison in order to allow detecting the similarities and differences. Also, it allows sometimes to have more precise and consistent on data (Corbin and Strauss, 1990).

This analysis found some opportunities to improve and explore the new operational model. It was clear that, not only certain processes were not correct, but also there was not only one *as-is* process for each task. There was no standardization, so each agent tried to perform the tasks on the way he believes that would be the right one.

The data collected was analyzed based on the comparison of the information taken during the interviews, with some conclusions that were studied. When an evaluative method is used, some ideas will emerge on different touch points during the research stages (Charmaz, 2006).

The different pain points detected were mapped and prioritized in order to understand which ones should be solved first. The impact of each one on the processes was also considered, and subsequently the benefit they could bring was estimated.

The methodologies used allow to have a better control of the data collected. Subsequently, this data can be analyzed in an open and relational way within the scope of the research questions and goals direction (Charmaz, 2006).

The concepts must be categorized and should be related and worked together in order to allow to get group results with an overall view (Corbin and Strauss, 1990).

The data must be analyzed according to specific parameters that would correspond to the research goals. The categorization helps to connect topics that are related. During the data analysis, new topics will emerge, and the previously validated ones must be reviewed. The comparison and the reviewing of the data will get more consistent and stronger results.

5 Results and Proposed Solution

During the project development, some solutions focused on customer experience (the strategic Partners) were developed. These solutions intended to answer to the problems identified during the project journey.

A new journey for the partnership project with the strategic brands was designed. This journey will distinguish these Partners from all the others on the market. So they will have their own segment, with personalized characteristics that will fulfil their requirements and needs (Patrício and Fisk, 2013).

Regarding the problem characterization section, and considering the main pain points identification, a structure that define some work streams to be worked on was developed, as it can be observed on Figure 6.

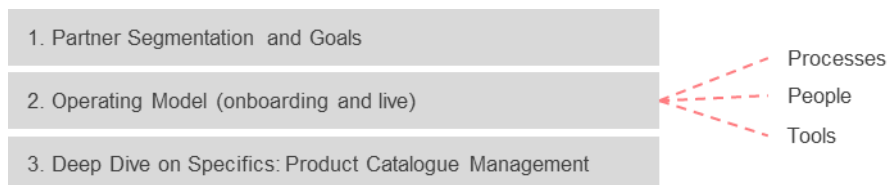


Figure 6 – Project Workstreams

The three main work streams that are to be a start point of the design of the new service that Farfetch wants to offer to the strategic brands was identified. In each point topics classified as the ones with more impact on the whole solution will be explored. The prioritization established for the project development was based on the topics that the Partner considered the most important for them to feel satisfied with Farfetch's performance. The Partner requires availability, flexibility and resilience.

The original operational model at Farfetch intends to answer to the needs of the retail commerce that does not have developments on tech side and works according to original retail standards of services. These Partners are used to accept Farfetch's conditions to sign a partnership and to follow the flow defined for the company. The strategic Partners are expecting a closer relationship with the company, which makes it necessary for the operational model to be reviewed.

A deep analysis on Product Catalogue Management will be done, once this topic was defined as one of the most relevant to be reviewed. It was detected that there were a lot of issues which were very difficult to solve by the internal teams. Also, the Partner has shown a high concern about this, since it is the process that will enable the products to be available to sell on the practical side.

On this chapter, the results will be presented based on the studies done around the customer needs. The main goal of this work is to design a new service concentrating on the new customer, the strategic brands. All the results achieved will be presented on the following sections that are divided according to the most relevant thematic.

5.1 Interviews Results

The sample shown on Table 2 was used for the interviews done during the process development. The information taken from these interviews was used to understand the major pain points of each process and how the teams were understanding the processes of the integration of the strategic partners. This data was a strong information source to prioritize tasks and to develop the whole project.

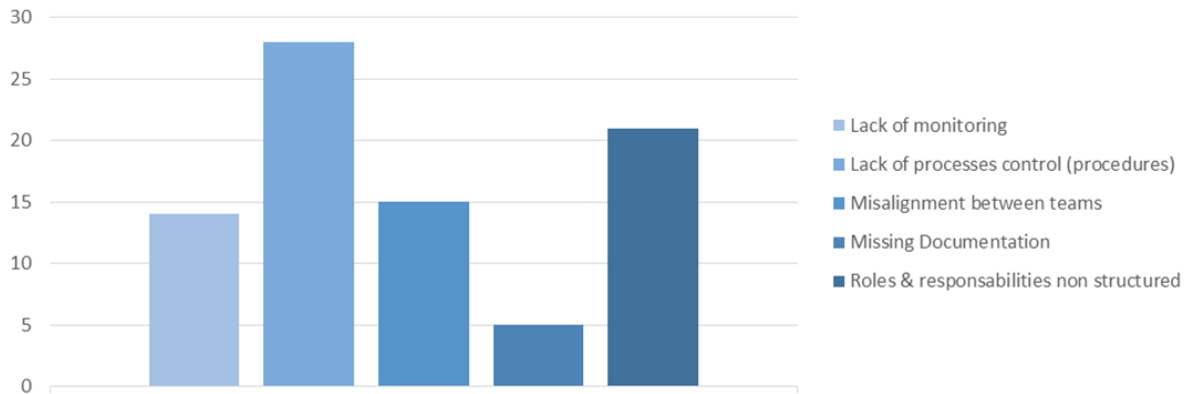


Figure 7 – Interviews Results

The topics presented on Figure 7 represent the main issues that the internal stakeholders mentioned during the interviews. These topics are the ones that will serve as priorities during the project development once these are the ones that represent the major pain points of the daily work of the teams. These results are detailed on the APPENDIX B: Interviews Results.

- **Lack of monitoring:** to control and to plan the processes development, the teams need to develop more monitoring tools. This information will allow to detect issues on the different stages of the processes, to control performance and to plan the work they have to do in the future providing this information to the Partner;
- **Lack of processes control (procedures):** there is no procedures standardization that define the processes and how each internal stakeholder must do on the different stages of the process. This causes failures and non-alignment within the teams;
- **Misalignment between teams:** once there is no standardized processes and the communication does not have a correct flow, the teams are not aligned, so the information provided to the Partner by the different internal stakeholders is not always coherent;
- **Missing documentation:** there is no internal documentation that allows consultation in cause of doubts or missing information;
- **Roles & responsibilities non-structured:** there are no roles clearly defined within the teams. Consequently, some people repeat tasks and there are other ones missing because of no one knowing that they must be done. This problem makes alignment within the teams be even more complicated.

The different issues presented comes from different departments, but they were accumulated in order to focus the research on main topics. The solutions proposed will be focused on the needs of each team but using a holistic approach in order to solve cross functional problems instead of small resolutions that could not match later on.

5.2 Partner Segmentation and Goals

Considering the needs and the requirements presented by the strategic Partners, it was perceived that this segment should have its own positioning within Farfetch.

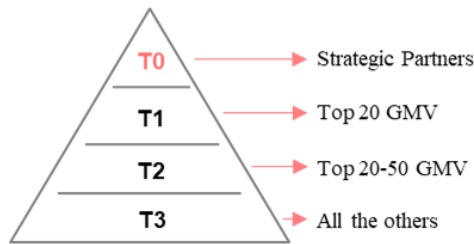


Figure 8 – Partner Segmentation by Tiers

Once the segmentation already existed on the initial operational model, a new tier with its own goals to answer to the new Partner expectations was developed. As it is possible to see on Figure 8, this new tier (T0) was positioned at the top of the pyramid, being the one that is most important, and thus prioritized to existing ones.

The new brands are developed taking in consideration the strategic Partners, since their complexity brings new challenges to the company and make them gain a new top position in the market, due to the growth potential that it represents.

The more strategic and important the customer is for the company/business, the bigger should be the focus on this customer type (Ulwick, 2002). As it is possible to confirm on the literature review, if a company intends to offer a luxury service, all the parameters should be on the same luxury level, in order meet customer expectations. Regarding this, the restructuring should focus on designing a personalized service adapted to the specific needs of these Partners, considering resources, people and processes.

The strategic Partners are categorized according to the combination of the following parameters, which considers the volume, the performance and the complexity of each one:

- GMV
- Order volume
- Full integration
- Strateguc/Partner potential
- Poor NS or SOS results
- 3PL/warehouse usage or potential usage
- Consolidation
- Multiple stock points/regions

The tiers are analyzed after the first contact with the brand by the operations team together with commercial team and will be reviewed quarterly considering the same criteria. According to the results of each criteria, the Partner will be allocated to a tier. If it is considering a strategic one, it will be added to a new integration project, as explained on the following chapters.

5.3 Operating Model

The operating model used to manage the boutiques and the normal brands, as previously mentioned, was not able to answer perfectly to the T0 Partners' expectations. Regarding this, some personalized models were developed that allow offering a better service to satisfy the needs of this tier.

Each brand that will be a Farfetch strategic Partner, will be considered a new project for the company. Each project will have new requirements and challenges that should be studied in order to have an efficient correspondence.

The structure used for the project governance must be review and revamped. As mentioned on chapter two, the best service design and customer experience is not the one that opens all the possibilities, but the one that will be able to satisfy customer needs.

Without a structured framework for a project management, there is no consciousness of task performance and sequence. This issue causes the risk of process interruptions, creating delays as different tasks are dependent of each other. Regarding the data collection and analysis, there were some issues detected that required the design of a standardized framework for the project governance:

- The requirements changed during the development and the implementation phases of the project, which requires a lot of flexibility from the Farfetch's side. This causes delays and difficulties in the control of the sequence of different stages of the project;
- The Partner did not have visibility on the processes design, so sometimes he could not understand some of the requires that Farfetch had. Also, it made that some limitations were created by the lack of information or resources that the Partner must provide to the company. Consequently, the processes presented failures that the teams had difficulty to justify;
- The solutions presented to the Partner did not have an operational evaluation, which made it that sometimes the commercial teams presented services that were not adapted to the operational model of the Partner. This situation created miss understanding and resource allocation that was not adequate;
- On the implementation stage, there were a lot of issues regarding pricing and product creation, since the processes were not designed properly, the systems could not correspond to the needs and expectations of this operational model;
- The internal teams were not aligned on the information provided to the Partners and there was no one specific person to manage the different streams, as the Partner expected to have;
- After the project implementation on the both sides, there were insufficient monitoring processes to take care of the Partner. The Partner expected to keep communicating with the teams in order to accompany the business development and have active role in the partnership;
- The contract did not have a pre-determined date to be signed which creates the risk of not having solved important issues that establish a successful implementation of the partnership process;

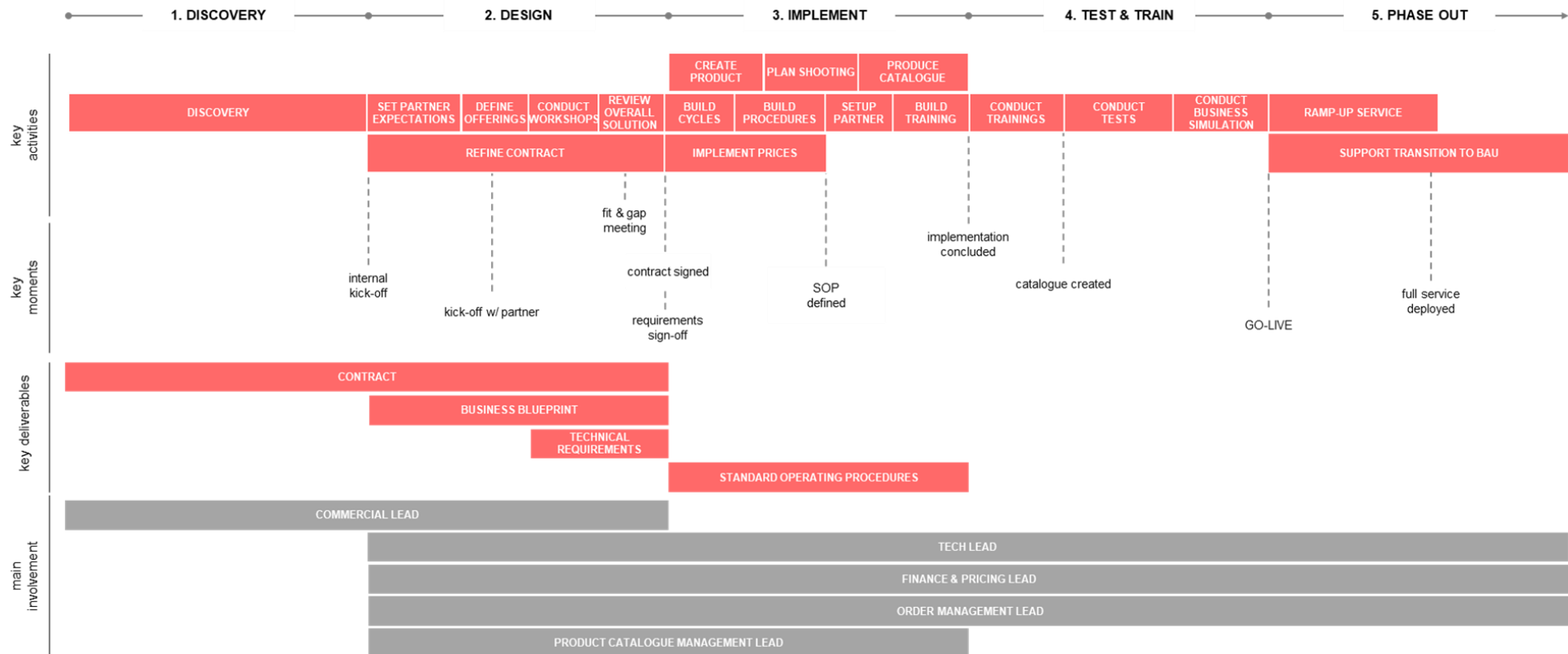


Figure 9 – Project Governance Framework

- The technical requirements were not defined properly according to a study of the Partner system capacity, so the solution designed sometimes did not have essential issues considered. This situation created errors requiring the implementation to be reviewed constantly.

Regarding these issues, and after a thorough study on the flow of the processes, a framework was developed to establish a task sequence with all the stakeholders: the person responsible, the execution time and the next steps. This framework not only aligns the teams of their own responsibilities, but also allows to give visibility of the process to the Partner.

The framework presented on the Figure 9 intends to create a successful flow of the tasks from the very first contact with the Partner until the last stage of the partnership process. Before the start of the implementation, a proper analysis will be carried out in order to understand the best offerings and the service that should be suggested. The best offerings are the ones that will best fit the requirements and needs of each Partner, as mentioned by Teixeira et al. on literature review.

On a discovery stage, the commercial team will contact and create a relation with the Partner. Here an overview of the Farfetch services will be presented to then study the possible interest of this partnership. If the team considers that the Partner will add value to the company, the brand will be presented to the other teams in an internal kick-off. During this meeting, it will be defined in which tier the Partner will be placed.

Considering that the brand is a strategic Partner, the operations teams will now have an intervention on the brand study and positioning on the market in order to understand how strategic it is. At this stage, the Partner expectations will be studied and subsequently how Farfetch can to answer these requirements. On the fit & gap analysis meeting the requirements and understanding will be assembled if everything is according to what was negotiated with the Partner for the implementation.

According to the conclusion of this analysis, the proposal that will be the most adequate one to that brand will be designed. This should consider the expected return, the stock dimension, the resources capacity, the system limitations and the lead times agreed. This stage will be concluded at the contract signature moment, as well as, the blueprint designed. Since this moment, there is no more opportunity to change requirements or to influence the implementation stage.

The contract and the blueprint design will now consider all the Partner expectations and needs. Each project will have its own solutions and requirements, which allow offering a completely personalized service to each strategic Partner, as it was expected by them in the first place. This new approach will allow the alignment between both Farfetch and the Partner making the service a positive experience.

On the implementation stage, all the technical issues that will make the integration possible will be developed. There is a huge development effort from the both parts. At this stage, the Partner will have visibility of all the processes of each task, avoiding mistakes or lack of information. The prices implementation and the different phases of the product catalogue management will have workshop sessions that are aimed to explain to the Partner how the tasks must be performed by their side and, also, intends to give them visibility of the needs from Farfetch side. This new approach will help the Partner to understand and to know the lead times of each task.

This new model also includes clarification sessions, for some of the streams that implies Partner effort and participation in order to avoid mistakes on task development and queries from the Partner side. This also allows the Partner to understand the flow, it's implications and the impact of any failure from their side. The visibility given to the Partner helps him to be more understanding with the limitations of the process. On the previous approach, it sometimes happened that the Partner felt unsatisfied with unfulfilled tasks before checking that their own responsibilities were being carried out.

Each task is dependent of the conclusion of the previous one in order to avoid last minute changes that will affect accomplishing what was agreed with the Partner. The technical specifications will be reviewed before being presented to the Partner, so it is possible to evaluate the resources and the systems compatibility.

After the implementation stage, when the technical development is concluded, there is a test and training phase that evaluates the operational and technical settings implemented before. These tests have two different phases, according to the project requirements, and it will conduct the go/no go decision. On a first stage, the technical tests will be done to understand if the API's are communicating properly (if the systems are communicating the information between them); on a second stage, operational tests are carried out: real orders are simulated and the teams try to solve issues in order to understand if these stakeholders are able to manage the tasks when the brand goes live on the platform.

Once decided that the partnership implementation accomplished all the requirements, the service goes live. This decision is taken to make sure that all the requirements are agreed for the partnership and are performed on perfect conditions. All the mistakes that could occur before the framework design, are now eliminated with this decision.

After finishing the tests, and when they were all successfully approved, the brand goes live and will be in an adaptation and stabilization period (around 2 and 4 weeks). There is a ramp-up launch because these Partners usually have more than one stock point and not all sell to various the regions available. This strategy enables the service to work autonomously and to closely monitor it. When the whole brand is live, it will be transacted to a BaU (business as usual). When the brand is already in BaU, there is a commitment from Farfetch's side to support the Partner on all the daily issues, as well as, analyzing the business results for the period. Now the Partner will be followed by an expert team supporting all the issues and will affect the performance of the sales and operational tasks to maintain a successful partnership to the Partner satisfaction.

The development of this framework allows to create a flow of activities that must exist in order to implement the projects without issues on both practical execution as well as at a business level in order to guarantee that the partnership happens successfully.

The new model designed requires a huge effort from the Farfetch's side, once it tries to adapt the business capabilities to the Partner expectations and needs. Each strategic Partner is unique, which forces Farfetch to develop personalized procedures for each partnership project. Having achieved this Farfetch will be able to offer a service that is aligned with the strategic Partners expectations, once the experience provided is positive and well succeed.

Processes

Within a company, each department is responsible to improve their own processes and the internal communication flow in order to provide the best experience possible to the customer, from end to end. It is not enough to have sympathetic employees or to be faster in answering issues. (Meyer and Schwager, 2007).

The problem of missing a structure that is able to answer to the Partner needs and new operational model brought other issues that would affect Partner satisfaction. When the Partner inquires Farfetch's teams, sometimes they were not able to provide conclusive answers, given there was no clear vision of the processes that was to be implemented for this segment.

The emerging of new strategic brands made the teams try to adapt to what was proposed to them. The processes available for the regular Partners were not able to support the requirements of the new flow for the strategic Partners. The teams felt they need to review these processes since the first contact with the brands. After analyzing the historical data, even though very recent, all the *as-is* processes of the different streams of the project were redesigned.

The *as-is* process map was designed with the intervention of various internal stakeholders from different teams who provided complementary information. The input for the process design was the knowhow of each one for each step of each process.

Through the *as-is* situation design, a lot of issues were detected over the analysis done in the different stages. It was detected that the internal stakeholders had a different perception about the processes. It was concluded that, not only the processes were not clearly understood for the whole company, but also existed a lack of alignment and communication within the teams.

On a second stage, through interviews and focus groups approach, the pain points of the different stages of the process and its impact of it were mapped. This work intended to understand what should be improved and how, on a later analysis.

The *as-is* and pain points design are intended to understand the internal capabilities of problem solving in order to improve the processes. This work's results aimed to define real *to-be* flows for the different stages of each project, end to end.

The standardization of the processes allows to align the teams, to measure performance, to define clear lead times, to present well defined solutions to the Partner and to develop the tasks successfully. Also, it will help to define metrics and goals that will be used to measure all the projects on the same scale.

People

The human resources structure implemented for the regular Partners, as already mentioned before, is not able to correspond to the strategic brands' needs.

On the current model, there is no one informed about a brand as a whole. There were two different teams available to follow with Partners. These are divided by daily support and performance measurement. The first one gives daily support to the Partners based on the daily issues from different scopes; the second one evaluates the Partner performance and design strategies to answer the needs and expectations of both stakeholders, in accordance with market evolution. These teams work on a ticket-based system and its prioritization is defined

by the Partner position on the business tiers (explained in the previous section) as well as according to FIFO (first in, first out) method. This methodology was not accepted by the strategic Partners, once they want to have one point of contact that represents their brand.

The contact point who operates close to the Partner must be able to answer the Partner needs effectively. These stakeholders want to be seen as unique. Strategic Partners want to have a fast and conclusive answer. All the moments of failure communication made Farfetch teams detect that a need of restructure and alignment of the teams in the internal communication flow exists.

Another very important requirement of the Partner was to have one point of contact inside the company, who can play as a key contact. Considering these issues and in order to have the internal stakeholders aligned, a new structure that could work together for the common goals was designed. In this new structure, the Brand Managers will perform a new role: Global Brands Operations Manager. This will be the one point of contact of each brand. This role will be the company face for the brand. The specific functions are detailed on APPENDIX C: Global Operations Manager Responsibilities (this model is not the final one, it was undergoing revision when the project was finalized).

The new team who answer to the new operational model, is composed by specialists from different areas, who will focus only on the strategic Partners (T0). This new structure considers an additional role – product catalogue delivery manager – who will be dedicated to the product creation and management. Once it is an important pain point, it is essentially make sure that the process happens successfully and that it is controlled since the very beginning until the items were available on the platform to be sold. Business analysts were also added to the team and will be focusing on monitoring and reporting, to improve the internal performance and provide all the data required to be presented to the Partner.

All the internal stakeholders who work with strategic Partners must be able to comply with the new operational model that was designed according to the strategic brands specific needs. Regarding this restructuring, a review on the daily tasks of the team was performed.

- Daily routines: kaizen meeting that intends to check the most relevant key performance indicators, to present problem solving issues, to share goals and daily issues and to align the team regarding the next steps;
- Key Partners board: kaizen board with all the processes that were on the on-boarding stage, considering the deadlines of each one, the proposed goals for each brand and the issues that was being detected. Additionally, there was a section to share daily and/or weekly tasks that each member should be developing, which mentions the status, the person responsible and the priority;
- Weekly call: weekly meeting by video conference with the Partner that looks to clarify Partner questions, present results, solve problems, clarify limitations of the systems and the processes, and remind performance metrics;
- Reporting: definition of standardized templates and reporting modeling to present to the Partner on the weekly calls, in order to get consistency on the information provided;
- R&R: new roles and responsibilities definition for all the internal stakeholders of the team;

- Hiring: to hire new elements to integrate in the team in order to be capable of answering to the new model's needs;

The study of the new structure of the team looks to understand which work model would be best suited to respond to customer expectations of Farfetch. This structure considers that there should be a specialist for each brand, the one point of contact required for the strategic Partners.

Not only the brand manager, but also other resources will be prepared to manage through the different stages of the processes, supporting the most technical issues and controlling the main streams according to the department belonging.

This new structure will allow the company to be continuously prepared to deal with the strategic Partners issues, to control the processes on the different stages, to be proactive on the operating model and to be aligned around the multiple flows.

Tools

Farfetch have an internal tool – STORM – developed on the original operational model standards however with a high tech potential. It can be installed on the provider's office and through this tool the orders would be received from the website, together with the correspondent's invoicing for the final customer and the intermediaries.

STORM is a sales management tool that is connected to the internal system within Farfetch and works by steps. When a new order is received on the website, the Partner receives an alert to confirm the stock availability. At the same time, the Farfetch internal department of fraud will verify if the payment data is trustworthy or not and then, the order will be accepted or refused. Once approved, the order will be processed on system and all the documents required to deliver will be generated and printed (invoice, shipping documents, customer address, etc.). Within this system is also possible to choose the courier that will ship the order.

The steps conclusion will generate data that will allow to evaluate the Partner performance and to understand if the SLA's contracted are accomplished or not. This is how Farfetch can measure the success of each service provided by the boutiques to the customer.

When Farfetch starts to operate with new strategic Partners, who have stock in warehouses instead of physical stores, it should be expected that they already have their own systems installed and wants to work with it and so, a new challenge is presented. Farfetch should now develop a solution that allows to join the strategic brands operating model to the company's internal flow. This solution should allow to match Farfetch's system with the Partner system, considering the technological limitations of both.

The solution developed is focused on the integration of both stakeholders' systems, in order to allow the Partner to keep working on their own systems and, at the same time, Farfetch could keep the order process flow. Through technological development, the solution was about integrating both systems to share information about stocks, orders and payments. This is one of the biggest challenges of the partnership with the strategic Partners.

Regarding this challenge, a team specialized on system integrations was aggregated to the ones who works with the strategic Partners. This team evaluates the Partner's systems and understands, together with the operations team, the complexity of it. There are 3 types of integrations, according to the strategic level of the Partner and its complexity:

	STORM (basic)	Using STORM	Full Integration
Products	x	x	x
Stock	x	x	x
Orders		x	x
Returns			x
<i>Effort</i>	+	++	+++

Table 3 – Integration Levels

The integration levels presented on the Table 3 considers different effort from the tech side and performs different tasks:

- On the basic integration, the products will be created on Farfetch's system through the synchronization with the Partner system. Each time that the Partner creates product on their own system, if these are considered on Farfetch's list, they will be created on Farfetch's system too, through an API reading. The same process happens for the stock update. All the other steps of the process are done on the STORM tool;
- On the medium integration level, some steps are performed on the Partner's system and others on STORM, so the Partner will use the both system to perform an order, following the same flow as on the other options;
- The full integration option considers all the steps presented on the previous options and the Partner will never use the STORM system, once their system is able to perform all the tasks that are part of a sell process.

This solution allows to develop an solution that will improve the customer experience, once the Partner will not have to change his operating model and Farfetch can access to the information required to make the business happen without the dependency of human interaction. This methodology is more sensitive to error detection, which allows to the company to be proactive and independent.

5.4 Deep Dive on Specifics

According to the interviews and focus groups results, the analysis results concluded that some streams represent a significant weight on the project implementation, these should be prioritized and reviewed to define the most adequate process.

On the implementation process and the brand management post this stage, there are a main stream that will be the most relevant for the strategic Partners partnership:

- **Product Catalogue Management:** process to upload products on the system, to receive them on production center, to produce and upload the detailed information of the product and have it available online to sell;

This stream was thoroughly explored in order to understand the existing pain points. Considering this data, and with a huge effort in identifying the opportunities and improvement of solutions, the final aim was to determine the situation that better fits Partner needs.

5.3.1 Product Catalogue Management

The product catalogue management stream is composed by three main activities, the product creation on system, the item allocation to be produced and the production itself. None of these activities were clearly determined previously and the aim of this study was to standardize the process for all the partnerships.

The catalogue stream represents biggest opportunity of the whole project, not only on the implementation stage, as well as, on the BaU management. Regarding this, the product catalogue management was the most explored topic of the work developed in Farfetch.

As explained on the methodology section, the *as-is* situation of all the flows related to the stream was designed. On the following topics the main issues found are visible:

- Lead time of the activities were not clear;
- Different templates were used to perform the same activities;
- Lack of planning to perform the tasks;
- Lack of re-planning when the assumptions changed (number of items, slots delay, data quality non-approved, etc.);
- Misunderstanding of the processes;
- Pain points not clearly defined and mapped;
- Lack of tools to monitor.

The analysis around these issues and according to the feedback of all the interviewees was that the needs should be clarified in order to be prioritized:

- Build offers together with commercial and decision criteria (eg. Number of items, type of production, etc.);
- Clarify the processes and standardize them;
- Create standardized templates;
- Train the teams on product catalogue management;
- Create monitoring tools and reporting.

The work developed intended to solve all of the issues exposed and develop solutions which allow to execute the flow according to an efficient sequence.

The product creation activity, which can be done manually or by systems integrations, required that the Partner shares all the information required to create the products to be sold on farfetch.com through the system. This process requires an analysis from the company side in order to understand if there is no information missing, if the files are according to the system requirements and if there is no duplicate information that can be crossed. The lead time of this process is dependent of the number of products that will be created, as well as, the complexity of the system that requires development from the both sides.

When the products are created on system, they will be send to Farfetch to be produced. The items will be grouped on slots of 50 and the slots will be allocated according to production center availability. When the planning team accepts the slot, it will receive an ETA to be delivered on production center.

Exceptionally, for the strategic Partners, there is an option where the products are not sent to the production center and instead the Partner sends the photos from their side, according to some internal guidelines and Farfetch only performs the digital process and data entry on the system. On the production side, there are two different flows, the physical one and the virtual one. The physical flow refers to the photo-shooting of the items that the Partners sends to Farfetch, which goes to different studios, according to the category; the virtual flow refers to the digital process that will edit the images, control the quality and upload it on the system, adding the descriptions and the product information, concerning composition, sizes scale and others.

These activities will be standardized to determine the same processes for all the Partners. This approach will help to control the flows and the lead times.

The pain points identified during the *as-is* situation mapping, were analyzed by the task force and prioritized in order to determine an action plan to then develop and implement new opportunity solutions, as well as, all the improvements found during the tasks being performed.

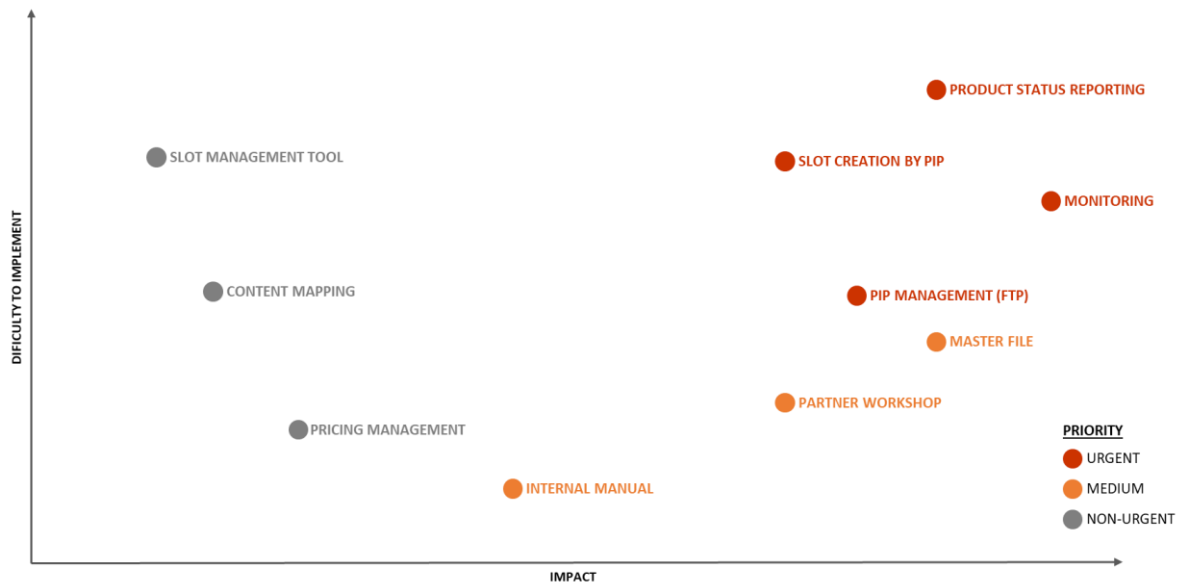


Figure 10 – Pain Points Prioritization

The pain points were divided on three levels of priority, as demonstrated on Figure 10. This prioritization also considers the impact of each one on the process and the difficulty for the teams to develop a solution, according to the company standards, the systems limitations and the resources availability.

The non-urgent pain points were the ones which could improve the teams' performance, helping to avoid mistakes and execute the tasks more efficiently.

- The slot management tool is not very user friendly, once it only allows to manage items one by one, which makes the slot creation and management tasks very time consuming;
- The content mapping should focus on matching the tech information from the Partner system with Farfetch's system and the language that allows both systems to

communicate. This process is challenging because of its dependency of information coming from the Partner's side, which is often unclear or incomplete;

- The pricing management is a topic that was not considered a priority on the initial phase of the project. Later on, when the teams started to explore it, it became clear the topic was complex and the impact of a bad management brought considerable consequences. This topic will be explored on the following paragraphs.

The medium urgency pain points were the ones that have some impact on the success of the experience of the customer and the teams were not able to perform them properly.

- The internal manual refers to a document that the teams can consult to understand the product catalogue management process in order to enable them to manage their brands and related issues;
- The Partner workshop is an activity that happens on the beginning of the product creation stage that explains to the Partner how he should perform the tasks related to the product creation, what are the Farfetch's needs, the systems requirements, etc. This workshop was developed in order to help the Partner to have visibility of the process and to avoid mistakes on the development and implementation stages;
- The master file is the file that the Partner sends to Farfetch, manually or by systems integration, with all the information required of the products to be added on system. This file was frequently sent with errors, given the Partner had difficulties understanding fully the requirements and system needs. A template designed with examples integrated in order to help the Partner fulfil these tasks, giving visibility about the systems needs and information flow.

Concerning the urgent pain points, these were the ones considered as the main challenges of the product catalogue management stream. These pain points are the most important activities that the teams were not managing well and had a huge impact on the success of the experience provided to the customer.

Monitoring

The monitoring issues occur when the Partner share the need to control the integrated flows of the processes. There were no timelines for control and internal resources capacity to execute some of the tasks. This provoked a several failures on the information provided to the Partner and forced the teams to be reactive instead of proactive.

During the analysis on product catalogue management limitations and pain points, it was detected that there was no monitoring in some phases of the process, which did not allow the teams to manage planning and lead times, to evaluate the tasks performance, to detect issues and to control the process.

The monitoring was required mostly for the different parts of the process where the teams were managing and controlling the tasks they were performing. Monitoring solutions were developed at the different stages of the process in order to detect issues before the process ends, allowing the teams to be proactive instead of reactive.

On the product catalogue management, a tool that enables the understanding of which items were available online was developed. This allows to later conclude all the process stages that are necessary for the items to be listed online. According to the historical data, around half of

the items created presented failures on the conclusion of the process and did not end up on the platform available for sale.

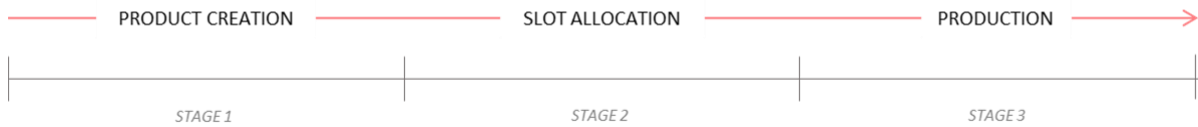


Figure 11 – Product Creation Flow

In the stage 1 a monitoring system that reports if the product was created successfully on system or not was improved and adapted. The integrations team exports a report that maps all the issues that happened during the product creation process. If the product was not created successfully on system, this report will show the reason that did not allow the process to be completed. The monitoring details of the stage 1 can be consulted on APPENDIX D: Monitoring Issues Report on Stage 1.

On the stage 2, there are two different monitoring processes, one for the Partner imagery process, that will be explained on the next section once it is one of the most complexed issue developed on the project; and another that measures the success of the slot creation in the system, considering the items that must to be produced and the production capacity.

On the stage 3, the monitoring developed is very complex and detailed. A tool was developed that is connected to the database and runs during the night in order to extract a report every morning. This report will list all the issues that happened and didn't allow the items to go online after all the stages completed. For the item to go online it is required that all the mandatory cells are filled in. If some of these cells is not fulfilled, the item is saved but not available on the online system and it is necessary to manually correct the issue. The monitoring details of the stage 3 can be consulted on APPENDIX E: Monitoring Issues Report on Stage 3.

Previously, the issues happened, and no one could proactively detect them. With this tool it is now possible to anticipate that action and review the issues daily to then correct or report to the Partner (explaining why the items are not online before he detects a failure). This elevates the value perception of the service offered by Farfetch considerably.

To be proactive on the problem detection and resolution, allows Farfetch to offer a much better experience to the Partner, once he will only notice the already solved issues, and the possibility of detecting failures on Farfetch's side decreases considerably.

Partner Imagery Process

The PIP (partner imagery process) by FTP (file transfer protocol) is related to the production activity, where Farfetch uses the Partner photos instead of the products being shot at Farfetch's studios. This process had a lot of bottlenecks because of the flow used before to develop this new solution.

On the beginning, the slots were created and planned in advance and the Partner should send the images on the ETA established to perform the digital production by Farfetch. The production teams have to produce the items of the slots that were booked and cannot manage the slots if they were not complete.

The biggest issue here is that the Partner was not able to fulfil the planning agreement, so the images were not available on the date they supposed to be. Without the images, the production teams stopped and cannot produced the items. Not only the production, but also the planning teams were affected, since they would need to allocate those slots again upon the planning map.

This was a very tight bottleneck on the process and had expensive consequences. The teams had no work to do, the items were not produced, the resources allocated were not used and the customer experience was affected by all the delays and unfulfilled tasks.

Regarding this problem, an in-depth study was performed focusing on the process and how the teams act on the different situations. An error report was created by the integrations team to export from the system a report that shows if the images are available on system or not, on a weekly basis. If the images do not have a slot allocated, they will not be received on Farfetch's folders. The images that does not have slot, will be stopped on the API and the report will export the items list that have the images waiting to be allocated.

With this report, it was concluded that the process could be inverted. From that date onwards, considering that it is required to have a slot allocated for the images being uploaded on Farfetch side, the slots management was changed. Now the slots will be created based on the items that is waiting on the API, allowing them to be uploaded and to fulfill a slot to be produced. This new process will allow the teams to always have images available to work and to comply with the agenda. The details of this improvement, as well as the results of its implementation, can be consulted on APPENDIX F: Partner Imagery New Process and Results.

Once there are only few Partners working with the PIP process, the slots can be allocated on the same day or the day after. For the future, and considering the peak season, it will be required to preview the dates and the amount of images the Partner will send in order to allocate the resources according to an expected planning.

Pricing Management

Pricing management is the process to manage and insert the prices on the system according to geographic issues, considering legal obligations and brand requirements. This price thematic is extremely sensitive. The strategic brands brought a lot of complexity to pricing management, once these stakeholders intend to control all the prices available on the market through the Farfetch platform.

When Farfetch starts to create partnerships directly with the brands, they wanted to create new concepts. The most delicate one is the geopricing, where the brands wants to have a price for each region, according to their market positioning. Regarding this requirement, it was necessary to programme the system to receive the information in a proper structure that supports this segmentation. This structure requires a validation on system from the Partner side in order to confirm the prices by item and by region to go online.

To fulfil the Partner expectations, it was required to accomplish two main actions that enables the process to happen successfully:

- Build a template for pricing upload on system, according to the system requirements and all the regions and exceptions agreed on the partnership;

- Create a workshop to explain to the Partner the Farfetch price structure, how the prices are constructed and how the commissions are managed.

These actions will allow to control the pricing process and to avoid items being sold with wrong prices. Also, it aims to improve the customer experience on the price management process.

5.3.2 Training Sessions

The training sessions was created during the project development when the need to align the internal stakeholders was identified. This should encompass all the flows of the partnership as well as the integration of the strategic brands

Through the analysis done with the data collected from the interviews, it was concluded that it was important to organize knowledge within the teams. After detecting this pain point, it was highlighted as one of the most important needs of the main stakeholders. This will then enable a better understanding of which should be the priority of the sessions planned. When the third session happened, a survey that asked about feedback, as well as, what the team believes that could be improved, was shared. Additionally, on that survey, each one will prioritize the themes according to the relevance for the project and the internal needs. There was a moment at the end that asks about new themes that they consider relevant to expose.

The feedback was always positive. All the internal stakeholders shown interest in dedicating their time to developing and improving these sessions.

When the sessions were ongoing on the weekly planning, the team was more aligned on the information and capacity to control and perceived the real flows of the end to end processes in the project. Is was also visible that some of the improvements suggested were successfully implemented after the discussions presented during these sessions.

The training sessions allowed to align the teams and make the internal stakeholders gain relevant knowledge of the processes and becoming more receptive when a new issue was presented by the Partner side. This know-how made the team become more efficient on problem detection and solving, given they were now all able to understand the limitations of the different stages of the processes.

6 Conclusion and Future Research

This work aims to redesign the experience of a specific customer that represents a very important stakeholder for Farfetch. Strategic brands presented very complex issues during the partnership execution and management that made the company understand that the needs and expectations of this customer were not being satisfied.

A thorough study around the pain points was carried out in order to understand the opportunities that could be developed. Through the interviews and focus groups, it was possible to collect relevant information about the specific needs of the teams. Taking in consideration company limitations, solutions were considered and developed in order to improve the processes implemented with the regular partners.

The improvements done were based on the strategic partners needs and expectations, so the teams focused in finding solutions that could answer successfully to these specifications. Additionally, the processes for the strategic partners were standardized and monitored in order to allow the close control of all the activities performed during the partnership implementation.

The combination of solutions achieved contributed for the redesign of a new service that enables a better experience. The new service designed considers reduced lead times, better responsiveness, single points of contact and a strong structure that makes each project have a logical and strategic sequence of tasks.

The results achieved allows Farfetch to offer an experience of excellence for this particular segment, where the company controls the tasks, the lead times and is able to report this performance since the very beginning of the partnership.

Meanwhile, some limitations were found during the project development. In some way these did not allow to explore all relevant considerations, and thus there were some minor issues that prevented accomplishing all the project goals.

Being a single case study is also regarded as a limitation. Although Farfetch is one of the most interesting companies in the luxury online service ecosystem, it would be interesting if the information could be compared with other different practical examples. In other hand, this case study was developed on the company which is luxury market leader and has influenced considerably the e-commerce services of the 21st century.

Also, the non-direct relation with the Partner, the customer for who this work is directed, can also be seen as a limitation. This work approached the understanding of the Partner experience from the point of view of those who deal with him, so the data has always some external interference. Considering the needs of the intervention of different stakeholders, this limitation also gave the opportunity to capture the same data reported in different approaches, in other words, different points of view.

Finally, the time frame of this research was not enough to measure the impact of the implementation of all the improvements carried out during the project development. It would be more interesting for the conclusions if there was data that could analyse the impact of the implementation in order to understand if the improvements were successful or not.

Regarding the limitations and the conclusions of the work developed, some future work was detected. Caused by the lack of time and also the resources available, some issues could not

be fixed. According to the research results, there are some opportunities that would increase value to the company and the teams that are responsible for the strategic brands.

Pricing still requires a need of monitoring brands updates, changes on taxes for the market, discounts and system features. The existence of a tool that could control and fix the issues of this nature, would permit avoiding incorrect pricing available on the platform. Also, the system must be able to extract reports of all the updates done by both the Partner or by Farfetch side.

From the various pain points detected during the various processes analysis, various could not be fixed given that the duration of the project was not enough to develop the various solutions needed. Not only the new solutions, but also the previously implemented ones must be measured in order to understand the impact of each one in the whole integration process. These results will help the teams to improve daily tasks and to implement the new solutions on the various topics explored during the project development.

Regarding the improvements implemented together with the ones in pipeline of development, these conclusions offer a basis for Farfetch to work on offering a better service to the strategic partners and, later on, to re-adapt some of the standardized processes for the current ones.

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APPENDIX A: Interviews Questions

INTERVIEW FOR NEW SERVICE DESIGN PROJECT DEVELOPMENT

Name:

Department:

Function:

1. Tell me about your daily workflow.

2. Could you describe the _____ process?

3. Which are the pain points that you firstly find on that process?

4. What do you think that should be improved?

5. How could it be improved?

6. How did you describe the relation of the other departments, relating to communication and flow interactions?

7. How would you describe your interactions with the flow of the _____ process?

Additional info:

Processes:

APPENDIX B: Interviews Results

PROBLEM	STAKEHOLDERS															
	IP	JG	JP	AC	CS	MM	MF	CSH	ML	IL	NL	TP	FD	AG	CL	MJ
Internal processes are very manually				1	1		1						1		1	1
Roles & responsibilities are not clearly defined	1	1	1				1									1
Lack of documentation for the Partner to support daily issues				1							1			1	1	
The internal stakeholders take a lot of time helping the Partner to develop tasks because they are not able to do it by them own (no capability to explain from Farfetch)				1												1
Amaze customers - Farfetch assumes 90% of returns (even the fake ones)	1			1												
No planning, no timelines for the external stakeholders									1					1		
Testing environment failes a lot	1		1						1							1
Product catalogue management is not defined / structured	1					1								1		
Project goals are not clearly defined	1															
Geopricing			1		1					1						
Internal structure for boutiques doesn't work for brands	1															1
Tickets are not prioritize, so Farfetch is not able to answer on time to the most urgent issues (eg. The Partner issues)							1									1
There is no visibility of the processes, they are not transparent			1					1								
Farfetch is reactive to the problems, not proactive			1					1								
The first approach with big brands is not with the right persons (tech)									1							1
No specialists available on post go-live stage, no possibility to solve issues									1							
No expectations clearly defined									1					1		1
No effort measure to each Partner									1							
No monitoring of the product creation process	1					1										1
Is not possible to do exchanges on the Farfetch system, the customer has to do a return and a new order then												1				
There is no standardizes reportes for big brands	1											1				1
There is no proper templates to align info											1					
Internal training is missing		1														
Lack of communication within the different teams	1	1	1						1	1				1		1
Big brands don't want to addapt the flows or methodologies					1		1									
The Partner doesn't have visibility enough of the processes, so we have to asssume responsibilities that are not ours					1											
Processes are not clearly defined					1		1			1				1		
Quality control is missing														1		

APPENDIX C: Global Operations Manager Responsibilities

CHANGES HIGHLIGHT	<ul style="list-style-type: none"> Same role Work on for B(x) and B0 boutiques partners Act on post-live 	<ul style="list-style-type: none"> Same role Work on B(x) and B0 boutiques partners Act on pre and post-live 	<ul style="list-style-type: none"> Re-adapt structure, same role Work on B0 partners proactively Work on B(x) partners when requested Act on pre and post-live 	<ul style="list-style-type: none"> New role Work on B0 brands only Act on pre and post-live
	PARTNER SUPPORT	PARTNER SUCCESS	OPS SOLUTION	KEY ACCOUNT SUCCESS
RESPONSABILITIES	<ul style="list-style-type: none"> ❑ Daily reactive operational support for partner's order, return, [slot and product for boutiques] queries ❑ Daily monitoring of partner orders and return pipelines ❑ Operational cost management and negotiation ❑ Prioritization for CS and Private Client to/from partners ❑ Prioritization for Ecom Ops and Production to/from partners 	<ul style="list-style-type: none"> ❑ On-boarding and training ❑ Operational business review/plans, best practice management and reporting ❑ Ongoing project and solutions management for optimization, expansion, and retention of the partnership ❑ Operational and technical update/change management from Farfetch to partners ❑ Voice of the partner to Farfetch and commercial/operational alignment ❑ Slot and product management [for brands] ❑ Global alignment and international work streams [for global brands] 	<ul style="list-style-type: none"> • LOGISTICS MANAGEMENT <ul style="list-style-type: none"> ❑ Daily check of Pipeline status (SoS, NoStock results for T1 + strategic) ❑ Monthly review of partner result w/ strong deep dive (identify issues & root causes) ❑ Visit to assess status of boutiques logistic activities ❑ Liaise with Customer Growth team to define targets vs level of supports by boutique ❑ Verify special cases when FF issue impacted the SLA of a partner and define with AM how to manage ❑ Manage approved exceptions for T1 partners ❑ Manage details on operations setup ❑ Check weekly SLA, pipeline of T1 brands ❑ Define actions plan an detailed verification of the issues affecting T1 brands service levels ❑ Support Quarterly review with SLA deep dive data • PROJECT MANAGEMENT (PRE & POST-LIVE) <ul style="list-style-type: none"> ❑ Definition of action plan to sustain growth, improve & release new services (F90, etc.) ❑ Suggestion of new integrations or new way to integrate with FF ❑ Definition of plans to release new warehouses and WMS ❑ Project scoping, flows design, logistics setup, gantt definition ❑ Functional analysis signature as business responsible ❑ Keep tracking of actions and overall status of projects ❑ Support key brands for specific logistics questions (bonded warehouse, custom flows, etc...) ❑ Manage brands committee • PARTNER SUCCESS SUPPORT <ul style="list-style-type: none"> ❑ Ad hoc report creation and verification ❑ Definition of action plan to sustain growth, improve & release new services (F90, etc.) ❑ Visit to assess status of boutiques logistic activities 	<p>TAILORED ACTIVITIES BASED ON:</p> <ul style="list-style-type: none"> ❑ On-boarding and training ❑ Operational business review/plans, best practice management and reporting ❑ Voice of the partner to Farfetch and commercial/operational alignment ❑ Slot and product management [for brands] ❑ Global alignment and international work streams [for global brands] ❑ BROUGHT FROM OPS SOL: Deal with go-live issues and follow up on main operations issues (HS code for Fendi)
	<p>Legend:</p> <ul style="list-style-type: none"> Removed Re-structured Added 			

APPENDIX D: Monitoring Issues Report on Stage 1

ISSUE	DESCRIPTION	OWNER	RESPONSIBLE	PLAN
[A]	The scale ID cannot find a correspondence.	Farfetch	Content	Review the scale maps and correct the issues.
[B]	The API could not find the product on the Partner system.	Gucci	Global Brands Operations Manager	Send an email to the Partner asking to create product on their own system.
[C]	The product was created successfully.	na	na	na
[D]	There is only one code for the two category levels. The system cannot do the correspondence of the categories, so the product cannot be created.	Gucci	Data Quality	Send an email to Nuno Lima asking to solve the re-map that categories.
[E]	The main category is not mapped as a main one. The system cannot to categorize the item to add it to a main category.	Farfetch	Content	Understand if category maps are well mapped. Correct the category issues. Asks to the Partner to send new category details, if the problem cannot be fixed with the information already available.
[F]	There is no correspondence on systems for that product. The product is not available on ff.com and is not supposed to be.	Gucci	Global Brands Operations Manager	Send an email to the Partner asking to delete that designer ID from their API.
[G]	There is no stock available on system to allow the product to goes online.	Farfetch	Product Catalogue Delivery Manager	Check if there is stock uploaded. Understand if there is some problem with barcodes (if the Partner uploaded the barcodes, the system is not able to upload the new ones) and reports to integrations team or data quality team, if required.

Legend:

- [A] No scale ID map
- [B] Not available on API
- [C] Completed
- [D] Product does not have sub department
- [E] Main category is not top level
- [F] No correspondence
- [G] No stock available

APPENDIX E: Monitoring Issues Report on Stage 3

ONLINE	REASON LEVEL 1	REASON LEVEL 2	DESCRIPTION
No	No Stock	Stock not available	There is no stock available to sell
No	No Stock	Missing barcodes	There are no barcodes available. There is not barcodes associated.
No	Slot has not arrived	Slot has not arrived	The products did not arrive to production centre, so they were not produced yet.
No	Production Issue	Photo not available (PIP)	The Partner images are not available on folder to be produced.
No	Production Issue	Missing description	There is no description for the item.
No	Production Issue	Missing online tick	The mandatory tick for the product goes online is not added.
No	Tech Issue	Tech Issue	The issues that do not allows the product to be online is on the tech side (operations department cannot solve the issue).

FARFETCH

Online/Offline Report
17-jun-18

Store Name	Product ID	SKU	Online	Season	Gender	Category 1stLevel	Category 2ndLevel	Slot	Slot ETA	Product Status	Reason Level 1	Reason Level 2
	No	SS18	Men	Bags	Accessories	Wallets & Cardholders	57270	2017-12-31	ProductOriginal	No Stock		Stock:No Stock available
	No	SS18	Men	Bags		Laptop Bags & Briefcases	57270	2017-12-31	ProductOriginal	No Stock		Stock:No Stock available
	No	SS18	Men	Bags		Tote Bags	57270	2017-12-31	ProductOriginal	No Stock		Stock:No Stock available
	No	SS18	Women	Clothing		Skirts	57270	2017-12-31	ProductOriginal	No Stock		Stock:No Stock available
	No	SS18							ProductOriginal	Slot has not arrive		Slot has not arrive
	No	SS18							ProductOriginal	Slot has not arrive		Slot has not arrive
	No	SS18							ProductOriginal	Slot has not arrive		Slot has not arrive
	No	SS18							ProductOriginal	Slot has not arrive		Slot has not arrive
	No	SS18	Women	Accessories		Wallets & Purses	57271	2017-12-31	ProductOriginal	No Stock		Stock:No Stock available
	No	SS18	Women	Bags		Shoulder Bags	57271	2017-12-31	ProductOriginal	No Stock		Stock:No Stock available
	No	SS18	Women	Bags		Shoulder Bags	57271	2017-12-31	ProductOriginal	No Stock		Stock:No Stock available
	No	SS18	Women	Bags		Mini Bags	57271	2017-12-31	ProductOriginal	No Stock		Stock:No Stock available
	No	SS18	Women	Bags		Shoulder Bags	57271	2017-12-31	ProductOriginal	No Stock		Stock:No Stock available
	No	SS18	Women	Bags		Tote Bags	57272	2017-12-31	ProductOriginal	No Stock		Stock:No Stock available
	No	SS18	Women	Bags		Shoulder Bags	57272	2017-12-31	ProductOriginal	No Stock		Stock:No Stock available
Yes	SS18	Men	Accessories			Ties & Bow Ties	57273	2017-12-31	ProductOriginal			
	No	SS18	Women	Bags		Shoulder Bags	57273	2017-12-31	ProductOriginal	No Stock		Stock:No Stock available
	No	SS18	Women	Bags		Tote Bags	57273	2017-12-31	ProductOriginal	No Stock		Stock:No Stock available
	No	SS18	Women	Bags		Tote Bags	57274	2017-12-31	ProductOriginal	No Stock		Stock:No Stock available
	No	SS18	Women	Bags		Shoulder Bags	57274	2017-12-31	ProductOriginal	No Stock		Stock:No Stock available
	No	SS18	Women	Bags		Shoulder Bags	57275	2017-12-31	ProductOriginal	No Stock		Stock:No Stock available
	No	SS18	Women	Bags		Backpacks	57275	2017-12-31	ProductOriginal	No Stock		Stock:No Stock available
	No	SS18	Women	Bags		Tote Bags	57276	2017-12-31	ProductOriginal	No Stock		Stock:No Stock available
	No	SS18	Men	Clothing		Polo Shirts	57276	2017-12-31	ProductOriginal	No Stock		Stock:No Stock available
	No	SS18	Women	Bags		Shoulder Bags	57276	2017-12-31	ProductOriginal	No Stock		Stock:No Stock available
	No	SS18	Women	Bags		Shoulder Bags	57276	2017-12-31	ProductOriginal	No Stock		Stock:No Stock available
	No	SS18	Women	Accessories		Wallets & Purses	57278	2017-12-31	ProductOriginal	No Stock		Stock:No Stock available
	No	SS18	Women	Bags		Tote Bags	57278	2017-12-31	ProductOriginal	No Stock		Stock:No Stock available
	No	SS18	Women	Accessories		Wallets & Purses	57278	2017-12-31	ProductOriginal	No Stock		Stock:No Stock available
	No	SS18	Women	Bags		Tote Bags	57278	2017-12-31	ProductOriginal	No Stock		Stock:No Stock available
	No	SS18	Women	Bags		Shoulder Bags	57278	2017-12-31	ProductOriginal	No Stock		Stock:No Stock available
	No	SS18	Women	Bags		Shoulder Bags	57278	2017-12-31	ProductOriginal	No Stock		Stock:No Stock available
	No	SS18	Women	Bags		Tote Bags	57278	2017-12-31	ProductOriginal	No Stock		Stock:No Stock available
	No	SS18	Women	Bags		Backpacks	57278	2017-12-31	ProductOriginal	No Stock		Stock:No Stock available
	No	SS18	Women	Bags		Tote Bags	57279	2017-12-31	ProductOriginal	No Stock		Stock:No Stock available
	No	SS18	Women	Bags		Shoulder Bags	57279	2017-12-31	ProductOriginal	No Stock		Stock:No Stock available
	No	SS18	Women	Bags		Shoulder Bags	57279	2017-12-31	ProductOriginal	No Stock		Stock:No Stock available
	No	SS18	Women	Accessories		Keyrings & Chains	57279	2017-12-31	ProductOriginal	No Stock		Stock:No Stock available
	No	SS18	Men	Clothing		Sweaters & Knitwear	57279	2017-12-31	ProductOriginal	No Stock		Stock:No Stock available
	No	SS18	Women	Bags		Tote Bags	57279	2017-12-31	ProductOriginal	No Stock		Stock:No Stock available
	No	SS18	Men	Bags		Messenger Bags	57279	2017-12-31	ProductOriginal	No Stock		Stock:No Stock available
	No	SS18	Men	Bags		Shoulder Bags	57279	2017-12-31	ProductOriginal	No Stock		Stock:No Stock available
	No	SS18	Women	Bags		Shoulder Bags	57279	2017-12-31	ProductOriginal	No Stock		Stock:No Stock available
	No	SS18	Women	Bags		Shoulder Bags	57279	2017-12-31	ProductOriginal	No Stock		Stock:No Stock available
	No	SS18	Women	Bags		Tote Bags	57279	2017-12-31	ProductOriginal	No Stock		Stock:No Stock available
	No	SS18	Women	Bags		Tote Bags	57281	2017-12-31	ProductOriginal	No Stock		Stock:No Stock available
	No	SS18	Women	Bags		Tote Bags	57281	2017-12-31	ProductOriginal	No Stock		Stock:No Stock available
Yes	SS18	Men	Bags			Holdalls	57281	2017-12-31	ProductOriginal			
	No	SS18	Men	Bags		Holdalls	57281	2017-12-31	ProductOriginal	No Stock		Stock:No Stock available

FARFETCH**Statistics**
17/06/2018**1 - Online Ratio**Store Name
Season (All)

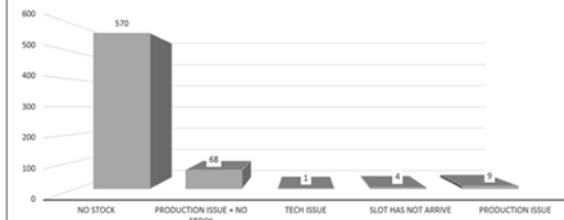
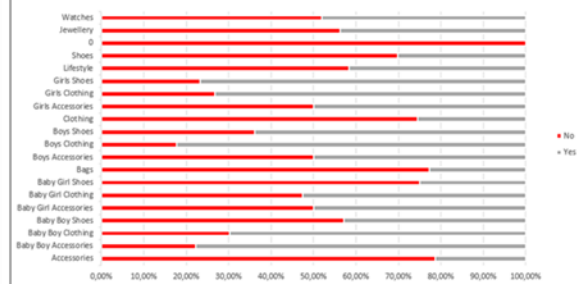
Online	# Product ID	Product ID (%)
No	652	61,92%
Yes	401	38,08%
Grand Total	1053	100,00%

2 - Issue SummaryStore Name
Online No
Season (All)

Issue	# Product ID
No Stock	570
Production Issue + No Stock	68
Tech Issue	1
Slot has not arrive	4
Production Issue	9
Grand Total	652

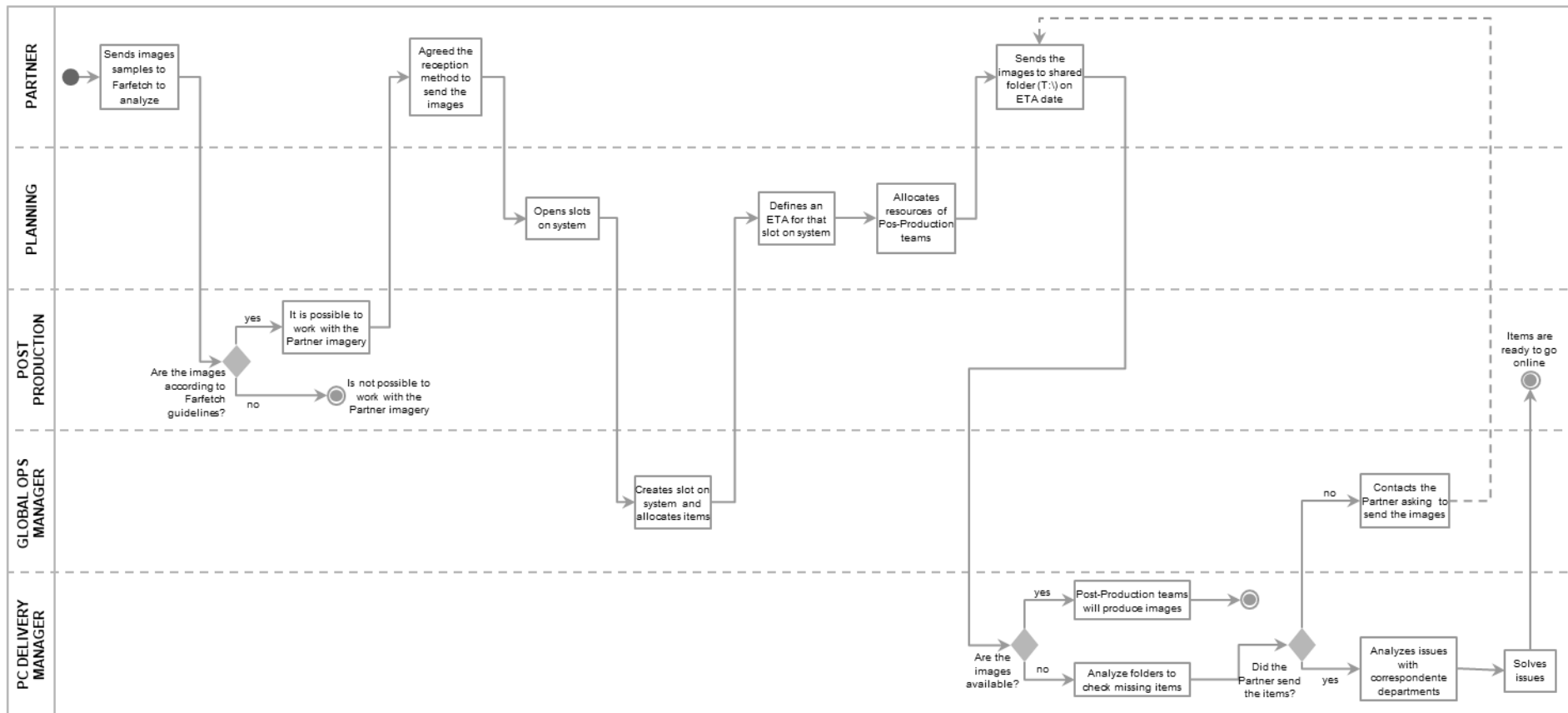
3- Product DistributionStore Name
Gender (All)
Season (All)

Category	Online	Yes	Grand Total
	No		
Accessories	78,72%	21,28%	100,00%
Baby Boy Accessories	22,22%	77,78%	100,00%
Baby Boy Clothing	30,19%	69,81%	100,00%
Baby Boy Shoes	57,14%	42,86%	100,00%
Baby Girl Accessories	50,00%	50,00%	100,00%
Baby Girl Clothing	47,37%	52,63%	100,00%
Baby Girl Shoes	75,00%	25,00%	100,00%
Bags	77,30%	22,70%	100,00%
Boys Accessories	50,00%	50,00%	100,00%
Boys Clothing	17,81%	82,19%	100,00%
Boys Shoes	36,11%	63,89%	100,00%
Clothing	74,51%	25,49%	100,00%
Girls Accessories	50,00%	50,00%	100,00%
Girls Clothing	26,83%	73,17%	100,00%
Girls Shoes	23,26%	76,74%	100,00%
Lifestyle	58,33%	41,67%	100,00%
Shoes	69,72%	30,28%	100,00%
0	100,00%	0,00%	100,00%
Jewellery	56,34%	43,66%	100,00%
Watches	52,00%	48,00%	100,00%
Grand Total	61,92%	38,08%	100,00%

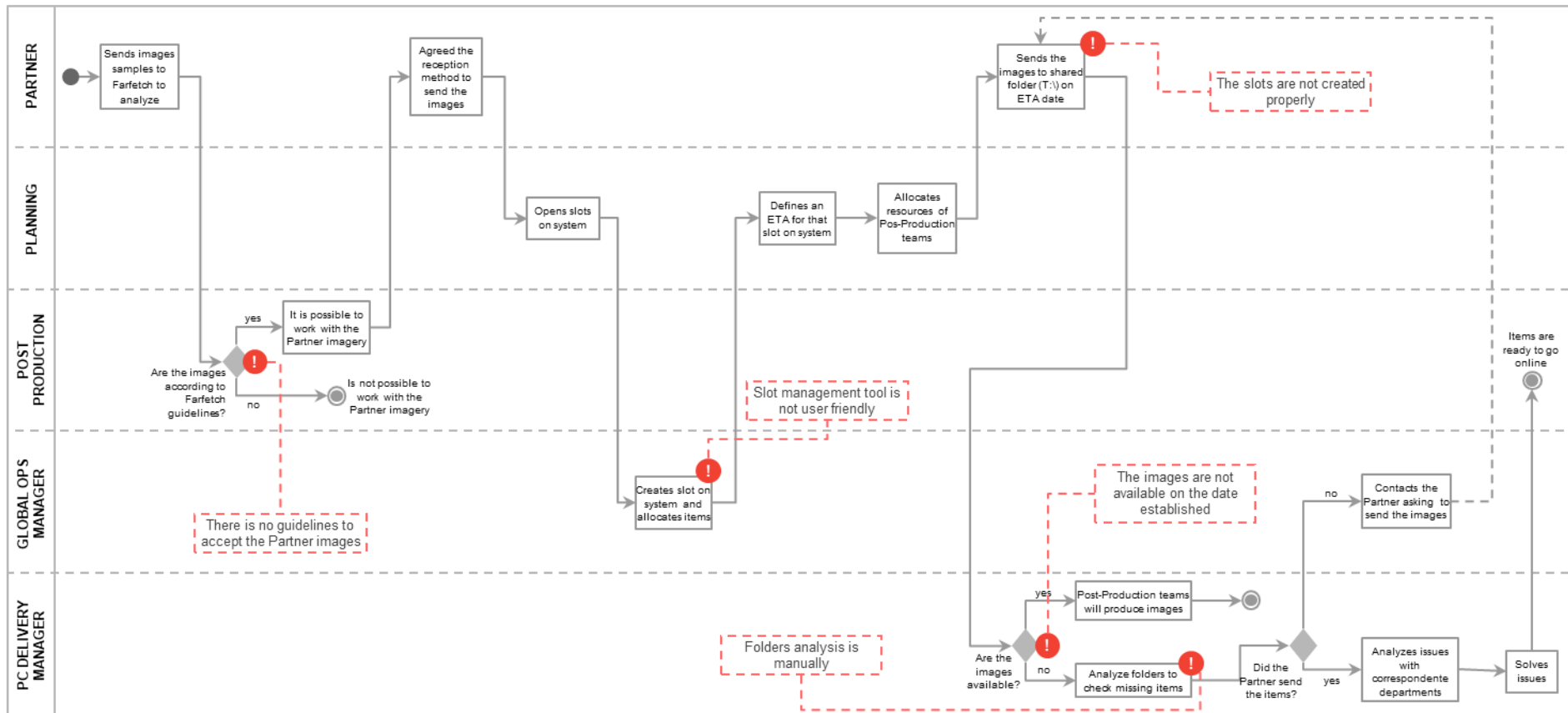
ONLINE RATIO**ISSUE SUMMARY****CATEGORY DISTRIBUTION**

APPENDIX F: Partner Imagery New Process and Results

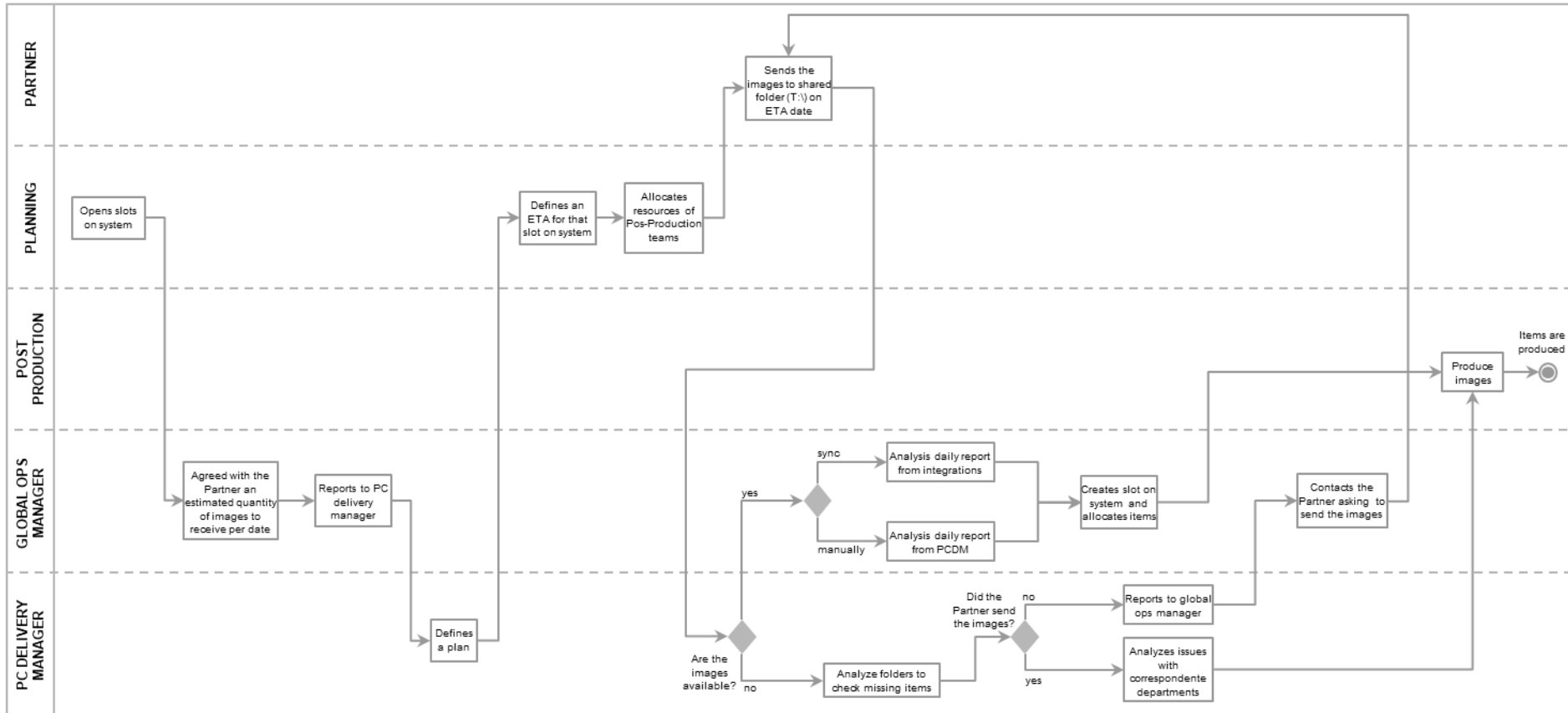
As-is flow on slots management process by PIP



Pain Points on slots management process by PIP



TO BE process on slots management by PIP



PAIN POINT	IMPROVEMENT PLAN	GOALS	IMPACT	Owner	Timeline
There is no guidelines to accept the Partner images	Establish guidelines to approve Partner images. Create a guideline manual to share with global brands operations managers and to send to the Partner.	Allow the global brands operations managers to do a pre evaluation of the possibility to follow the PIP process with that Partner. Make the Partner to understand Farfetch standards.	Decrease the answer time to the Partner. Clarify standards.	Data Quality team	tbd
Slot management tool is not user friendly	Edit tool configurations to allow to create slot using grouped items (not only one by one) and to do a grouped search.	More efficiency on slots creation.	Decrease the process time, allowing the global brands operations manager to have more time to dedicate to the Partner.	Tech	tbd
Folders analysis is manually	Monitoring the folder analysis.	Create a tool that allows to have visibility of new items on folders.	More efficiency on process.	PC Delivery Manager	tbd
The images are not available on the date established	To create slot only with the images already available. To define with the Partner an estimated quantity of images to receive on ETA.	To allow the post-production teams to accomplish the planning. More efficiency on process.	More efficiency on process. Do not stop post-production teams.	Global Brands Operations Management team	tbd
The slots are not created properly	Defines a new process to slots creation to key brands - the slots are always created by Farfetch.	Avoid errors. Provide a better experience to the key Partners.	Follow the Partner expectations. More efficiency on process.	Global Brands Operations Management team	tbd

The process on a timeline

